

**ORIGINAL**

Decision No. 73230

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN THE MATTER OF THE APPLICATION OF  
TWIN LAKES PARK COMPANY, a Corporation,  
For Permission to Discontinue Water  
Service as a Public Utility.

) Application No. 49580  
) (Filed July 28, 1967)

Howlett & Weiler, by Elmer H. Howlett, for applicant.  
H. W. Stokes, for Las Virgenes Municipal Water District;  
Lee W. Woodruff, O. B. Woodruff, and Mildred L. Behm, in propria personae, interested parties.  
Jerry J. Levander, for the Commission staff.

O P I N I O N

Twin Lakes Park Company, which for the past 40 years has served water to a maximum of 65 customers in unincorporated territory of Los Angeles County about two miles north of Chatsworth, an area within the City of Los Angeles, seeks authority to discontinue its public utility water operations. None of applicant's territory is within the city limits, but lies entirely within the boundaries of Las Virgenes Municipal Water District (District), which is a constituent member of the Metropolitan Water District of Southern California (MWD).

Public hearing was held before Examiner Warner on September 15, 1967, at Chatsworth. Two customers appeared to ascertain the details of the application and the costs to them of

service by District. No protests to the granting of the application were entered although notices were sent to all customers and published in a newspaper of general circulation in the area.

The record shows that there were 66 eligible voters in applicant's service area and adjacent territory in an annexation election held January 11, 1965. The vote was 64 yes and 2 no. In March 1966 a bond election was held and the vote was 58 yes and 2 no. The two votes against were property owners outside applicant's service area and non-customers. Following the approval of the \$2,500,000 bond issue, District has spent \$600,000 for water system facilities, has paralleled applicant's water mains as shown on the map, Exhibit No. 3, and has installed a service connection for each of applicant's 65 customers.

During the period October 1, 1966, through June 1967, applicant's income was \$1,487.46 and during this same period, expenses amounted to \$3,918.03, or a loss of \$2,430.57. Exhibit No. 2 shows the loss for the month of August 1967 to be \$313.68.

Applicant's present rates are \$7.00 per meter per month for the first 300 cubic feet or less of consumption; \$1.30 per 100 cubic feet for the next 700 cubic feet; \$1.20 per 100 cubic feet for the next 1,000 cubic feet; and 95 cents per 100 cubic feet for all over 2,000 cubic feet. District's connection charges are \$300 for a three-fourths-inch meter and \$450 for a one-inch meter. Its quantity charges are \$3.00 per meter per month for

the first 800 cubic feet or less of consumption; 28 cents per 100 cubic feet for the next 700 cubic feet; and 27 cents per 100 cubic feet for the next 1,500 cubic feet. Larger blocks of usage, not applicable to applicant's customers' usages, contain additionally lower rates per 100 cubic feet. District and MWD's 1966-67 property taxes were \$4.03 per \$100 of assessed value (\$3.80 for 1967-68). They are gradually being reduced as bond interest decreases when total bonds outstanding are paid off.

The record shows that applicant has experienced serious water supply problems (if there were more than its 14 remaining customers, applicant's water well sources would be inadequate). In addition, applicant has experienced difficulty in maintaining adequate water operating pressures and providing adequate fire protection. District's water is softened filtered Colorado River water, and its facilities installed and proposed to be installed, upon application for water service by any or all of applicant's remaining customers, are first-class.

A witness for District testified that it was ready, willing and able to furnish water service to all of applicant's remaining customers.

Applicant's president testified that it had offered the sale of the water system to District for \$37,000, plus an undetermined value of land on which fire hydrants were situated, but District was not interested since the applicant's water system did not fit in with its plans. In August 1967, applicant agreed to a settlement with District in which District would pay

\$12,500 for the right to parallel applicant's system, plus rights of way in streets owned by the property and real estate division of Twin Lakes Park Company, as distinguished from the utility division of the company. No utility properties were sold, since applicant owned only four wells and their equipment, a reservoir and the land on which it was situated, pipe lines, services and meters, and none of these utility assets has any value, except the land. The wells are nonusable for purposes other than those to which the utility put them.

The Commission staff recommended that the applicant not be authorized to discontinue operations until the Commission is informed that all arrangements have been made for the remaining 14 customers to receive service from District. Applicant objected to the staff recommendation on the grounds that it was unreasonable to expect applicant to continue to sustain losses and pointed out that, conceivably, one customer might withhold applying to District for service thus requiring applicant to continue to operate a water system at a loss in perpetuity or, in the alternative, to seek rate relief which would be necessarily exorbitant.

The Commission finds as follows:

1. Twin Lakes Park Company, a corporation engaged in the real estate and utility business, has been furnishing water service in a rocky, rugged, hilly area in unincorporated territory of Los Angeles County about two miles north of Chatsworth, outside the city limits for some 40 years. A maximum of 65 customers has received water service, but since September 1966, Las Virgenes Municipal Water District has been furnishing water service, instead, to an increasing number, finally to all but 14, of

these customers pursuant to an annexation election held January 11, 1965, and a bond election held in March 1966.

2. Applicant sustained a loss of \$2,430.57 during the period October 1, 1966, through June 1967, and a loss of \$313.68 for the month of August 1967. The loss was caused by the loss of customers to District.

3. All customers applying to District for service and transferring thereto and receiving water therefrom have been required to pay and have paid a service connection charge of \$300. A County building plumbing inspection charge of \$3.50 has also been required to be paid.

4. District's monthly rates for water service are less than fifty percent of applicant's.

5. District's water service is superior to applicant in adequacy of supply, operating pressures, fire protection, and quality.

5. It would not be in the public interest to require applicant to continue service to its remaining customers at a loss.

6. Granting of the application would not be adverse to the public interest provided the remaining customers be given the reasonable time of three months to apply to District for service and receive water service from District.

It is concluded that the application should be granted, subject to the time provision found hereinabove to be reasonable, and the order which follows should so provide.

O R D E R

IT IS ORDERED as follows:

1. Twin Lakes Park Company is authorized to discontinue public utility water service within ninety days after the effective date hereof, but not sooner, unless all of its present 14 customers, as of September 1967, shall have applied to and received water service from Las Virgenes Municipal Water District, and applicant shall have so certified to the Commission in writing.

2. Prior to discontinuing water service, applicant shall return all deposits to customers, pay all accounts payable, and refund all advances to it for construction, if any, and shall submit to the Commission, in writing, a statement certified by an officer of its compliance herewith.

3. When the conditions of this order have been satisfied, applicant shall notify the Commission, in writing, thereof and shall then stand relieved of all responsibility as a public utility.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 24<sup>th</sup> day of OCTOBER, 1967

*[Signature]*  
President

*[Signature]*

*[Signature]*

*[Signature]*  
Commissioners