

The Diesel equipped wells are used as standby. The system now serves 366 customers at rates set by the Commission in 1947.

Applicants are requesting permission to extend their system to cover 3,200 acres but offered no detailed plans and so far have extended their mains out into only the southwest portion of Section 33. They are also in the process of obtaining a franchise from Kern County to locate their pipes in the public highways within the proposed area, namely: Sections 3, 4 and 5, Township 27 South, Range 40 East; and Sections 32 and 33 in Township 26 South, Range 40 East, M. D. B. & M.

No estimates as to the cost of facilities necessary to cover this enlarged area were presented. The applicants plan to await development and then extend mains on the basis of their filed extension rule. In this manner the subdividers or customers who locate in the proposed area, for the most part, will be required to advance the capital for the distribution mains, and the utility will be relieved of this normal obligation.

Likewise, no estimates as to cost to operate and maintain a system in the enlarged area were presented. Applicants proposed their present rate levels, starting at a \$3 minimum for a 5/8 x 3/4-inch meter, for the new service. Based on a statement of revenues and expenses submitted by applicants' witness for the first nine months of 1949, the present rates do not appear adequate to pay expenses, depreciation, taxes and interest on the present investment. This statement, designated Exhibit No. 5, showed a net income of only \$238.09 for this nine-month period, before interest, taxes, and depreciation.

At the hearing, interest in the proposed extension was manifested by many customers, several of whom presented objections in the record. Dr. Vera de Fernando brought several samples of water in large jars taken from different points on the distribution system.

Each contained an objectionable amount of foreign matter floating in the water. She also presented a copy of a test on a sample taken from her service pipe on September 3, 1949, which indicated poor sanitary value and severe contamination. She testified that the utility's pipes are located in the rear of the lots and many customers have placed outhouses near or over the main pipe. During heavy use periods, or when the utility is working on the mains, there is little or no pressure and often there is a vacuum in the pipes and she is sure that fecal matter is being sucked into the system at the joints or where the secondhand pipes have become pitted from rusting. Another customer, Mrs. Sylvia Martin, complained about insufficient pressure as well as sand and foreign matter in the water. A number of customers indicated they would corroborate the testimony offered by Mrs. Martin regarding the poor quality of the service being rendered.

The inadequate service condition and inferior quality of the water are such that over 100 customers have banded together to form the Ridgecrest Mutual Water Association, subscribed funds, and hired an attorney to draw the papers to form a mutual association. The members of this association plan to install their own pipes and obtain water, for the first two years, from wells owned by Charles M. Allen. These pipes will parallel the Ridgecrest Water Supply system and when installed will mean a loss in revenue to the applicants.

Applicants' answer to these objections was that tests made at the wells showed the water of good quality and fit for human consumption; that many pipes have been replaced during the past two years; and that the old pipe is being replaced with larger pipe as fast as finances permit. During periods when pipes are being replaced, some rust or foreign matter may get in the system, but this condition should not persist more than a day or two and by covering the tank, certain foreign matter is now kept out of the system.

In analyzing the record of this proceeding, the Commission is of the opinion that applicants' present facilities do not furnish completely satisfactory water service to the present customers and will require extensive improvements before service is extended to obtain many more customers. Applicants have offered neither a comprehensive plan for serving an enlarged area, nor a plan for materially improving the pressure and service to the existing customers. If the proposed mutual association starts functioning as contemplated and obtains water from Mr. Allen, it will mean that the remaining customers on the Ridgcrest Water Supply system will probably enjoy improved service and some reasonable extension could then be undertaken. While the loss in revenue to the mutual operations may affect applicants' ability to finance capital expenditures, the creation of such entity is not within the regulatory jurisdiction of this Commission.

It is concluded that applicants' request should be denied. Applicants may extend into adjoining territory in the normal course of business, as growth requires, under Section 50(a) of the Public Utilities Act without having the certificate requested herein. Furthermore, when applicant obtains a county franchise to cover the proposed area, as well as the present area, it will be necessary to obtain a certificate to exercise such a franchise from this Commission. By that time, more data will be available as to the development in the area, applicants' proposed plant capital and costs of operation can be adequately planned, complaints from the mutual group may have subsided, and the need for applicants' service in any or all of the proposed area can be more accurately determined.

We find that public convenience and necessity do not require the granting of the certificate prayed for in this application.

ORDER

Public hearing having been held on the above-entitled application, the matter having been submitted, and the Commission being fully advised,

IT IS HEREBY ORDERED that the request of Joseph W. and J. Elliott Fox, a co-partnership doing business as Ridgecrest Water Supply, for a certificate of public convenience and necessity to extend service into new territory be and it is denied.

The effective date of this order shall be twenty (20) days after the date hereof.

Dated at San Francisco, California, this 1st day of November, 1949.

R. E. Zimmerman
Justus J. Casper
W. H. Jones
Harold H. Huls
Francis H. Potter
Commissioners.