

ORIGINALDecision No. 50590

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of PALM SPRINGS OUTPOST
 WATER CO., a corporation, for a
 certificate to extend its operations
 into adjacent territory near Palm
 Springs, Riverside County, California.

Application No. 35782

Everett L. Clark, for applicant. Roy Hoff, for
 Outpost Community Association, Guy W. Wadsworth, in
 propria persona, and Gordon R. Howard in propria persona,
 protestants. G. C. Delvalle, Leon S. Heseman, and
Kenneth M. Lemon, for California Electric Power Company,
 interested parties.

O P I N I O N

Applicant herein is a California corporation presently conducting operations as a water corporation in a designated area in the vicinity of Palm Springs under authority of this Commission. It now requests authority to conduct additional operations as a water corporation in a second area in the vicinity of Palm Springs, which area is designated as Palm Springs Outpost Unit No. 5 and consists of approximately 25 acres subdivided into 97 residential lots. A public hearing was held on November 30, 1954; before Examiner Grant E. Syphers, at Palm Springs, California, at which time evidence was adduced and the matter submitted.

At the hearing a consulting engineer appeared on behalf of the applicant and presented testimony in relation to the proposed operations. He pointed out that there are no people

now living in Unit No. 5, and the only visible improvement is a rough grading of the streets. The property is owned by the Palm Springs Outpost, Inc., whereas the applicant for a certificate is the Palm Springs Outpost Water Company. Both of these corporations are owned by the same stockholders. The executive officer and principal official of these corporations is Maurice J. Silman. Silman does not maintain an office in Palm Springs, but there is an employee residing in the city who conducts certain maintenance operations of the water company. The rates proposed to be charged are those now in effect and on file with the Commission. The witness stated that the principal reason for requesting a certificate at this time is to enable the Palm Springs Outpost, Inc. to sell the 07 lots. The Real Estate Commission requires that arrangements for a water supply be completed before the lots can be placed on the market.

Attached to the application are six exhibits which were received in evidence. Exhibits "A" and "B" are maps of the proposed area. Exhibits "C" and "D" are logs of the wells from which the water supply is proposed to be obtained, and Exhibits "E" and "F" are financial statements of the Palm Springs Outpost Water Company.

It is proposed to supply water from two wells. The first of these, designated as Well No. 3, is in operation and has a rated pumping capacity of 220 gallons per minute. The second, designated as Well No. 4, is not presently equipped for operation, but according to the witness, can be placed in operation if the need for additional water arises. It was observed that there is no utility presently serving the area for which a certificate is sought.

In opposition to the application, testimony was presented as to operations of the applicant in its presently certificated territory. It was testified that Mr. Silman is never available and can be reached only by sending letters to a post office box. On one occasion a pipe was broken and it became necessary for one of the consumers to arrange to have the pipe repaired inasmuch as Silman could not be contacted. The supply of water contains a great deal of sand, and in the summertime the pressure is too low.

The pumps for the present water system are operated by electricity which is purchased from the California Electric Power Company of Riverside. An official of that company testified that for the past seventeen billing periods, each constituting two months and covering the time from December 24, 1951 to October 22, 1954, the payments by the Palm Springs Outpost Water Company for electric power were always delinquent. The shortest delinquency was five days and the longest 122 days. The average bill amounted to \$111.45 for each two-month period. This continual delinquency in payment of electric bills has caused concern among the consumers inasmuch as they would be deprived of water if the electricity should be shut off.

The present operation is being conducted at a loss, as indicated by Exhibits "E" and "F", and in this connection the consumers who presented testimony were concerned with the fact that if the present operations are being conducted at a loss, the additional proposed operations might create further financial burdens which would impair the ability of the company to operate.

An analysis of all of the evidence presented in this matter discloses that the only reason advanced for the granting

of a certificate at this time is the desire of the Palm Springs Outpost, Inc. to sell the 97 lots in question. It is apparent from this record that the applicant has not conducted its present utility operations in a satisfactory manner. The responsible official is not available, and there is a constant delinquency in the payment of its electric power bills. While it is true that the consulting engineer who testified for the company presented a resolution of the Board of Directors of the Palm Springs Outpost Water Company authorizing him to represent the water company, it is apparent that he is not the responsible party in the actual conduct of the operations nor in the payment of bills. These responsibilities, according to this record, are those of Mr. Silman, the president of the company, and, as previously indicated, Mr. Silman is not available and can only be contacted through the means of letters written to a post office box.

In the light of all of this evidence we find that public convenience and necessity do not require the proposed operations. An essential element of public convenience and necessity is a showing that the applicant is willing and able to conduct the proposed operations. This showing has not been made in the instant proceeding. The application will be denied.

O R D E R

Application as above entitled having been filed, public hearing having been held thereon, the Commission being fully advised in the premises and hereby finding that public convenience

and necessity do not require the operations as proposed,

IT IS ORDERED that the application of the Palm Springs Outpost Water Company for a certificate of public convenience and necessity to conduct operations as a water corporation in its so-called Unit No. 5 in Palm Springs, be, and it hereby is, denied.

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

Dated at San Francisco, California, this 21st day of December, 1954.

Edwin E. Mitchell
President

Justus J. Caswell

Samuel Patten

Gene Higgins

Rayla Lutz
Commissioners