

ORIGINAL

Decision No. 62862

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
NORTH SAN BERNARDINO WATER COMPANY,  
a California corporation, for  
certificate of public convenience  
and necessity, to establish rates  
for water service and for a permit  
to issue stock.

Application No. 42997

W. R. Holcomb, for applicant.

Denslow Green, Harold Rickerts and Joseph Rowe, for  
East San Bernardino County Water District;  
Leslie A. Hosegood, for City of San Bernardino  
Municipal Water Department; and Jack O. Sanders,  
for H. Linden & Associates, Inc., interested  
parties.

C. O. Newman and A. L. Gielegem, for the  
Commission staff.

O P I N I O NApplicant's Request

North San Bernardino Water Company filed this application on December 22, 1960, and an amendment thereto on February 14, 1961, requesting that the Commission:

- (1) Grant to it a certificate of public convenience and necessity authorizing it to operate a public utility water system within the City of San Bernardino;
- (2) Establish rates for the water service proposed to be rendered; and
- (3) Authorize it to issue capital stock.

Public hearing on applicant's request was held before Examiner James F. Haley at San Bernardino on July 19, 1961, and at Los Angeles on September 14, 1961. The matter was taken under submission on receipt of Exhibits Nos. 14 and 15, which were late-filed on September 27, 1961.

Proposed Operations

Applicant is a California corporation closely affiliated with Foothill Vista Development Co., Inc., the subdivider of the proposed service area. The corporation was set up by the principals of the development company for the specific purpose of providing public utility water service for the proposed service area. The area consists of Tract No. 6187 and an adjacent portion of the Southeast 1/4 of Section 19, Township 1 North, Range 3 West, S.B.B. & M. It totals approximately 40 acres and is being subdivided into 52 residential lots. The area is relatively high in elevation, being in the foothills area of San Bernardino. It varies from 1,575 feet at its south limit to 1,820 feet at its north limit.

Applicant intends to operate an existing water system which was constructed during the period 1927 to 1952 and which was acquired by the development company from the previous landowners who used it for irrigation and domestic water supply purposes. Work is well under way on some of the extensive rehabilitation and augmentation required to make the system suitable for the intended public utility use. According to applicant, the original cost of the water system as planned for the end of 1961 would be approximately \$79,000. About \$44,000 of this amount is represented to be the original cost of the acquired system and \$35,000 is estimated to be the additional investment required for rehabilitating and extending the system.

Other Water Purveyors in the Area

East San Bernardino County Water District is now serving territory adjacent to Tract No. 6187, and it has a 10-inch main extending up to the south boundary of that tract. A witness for the District testified that it is willing and able to serve the area for which applicant herein seeks certification. This witness stated,

however, that the District would not take over the existing water system for the reason that it is below the District's standards of construction. If requested to serve the area, the District would construct new plant according to its own specifications. This would entail a cost of over \$38,000, to be paid to the District by the developers, who would also be required to dedicate the overlying water rights of the area to the District. Although the developers have elected to provide their own water system through applicant, the District has been petitioned to annex the area for sewer purposes.

Applicant's proposed area lies entirely within the limits of the City of San Bernardino, much of which is served by the San Bernardino Municipal Water Department. According to the testimony of that agency's chief engineer, the Municipal Water Department is not now in a position to serve the area because of certain water supply problems.

Neither the East San Bernardino County Water District nor the San Bernardino Municipal Water Department appeared in the position of protestant to the granting of this application.

#### Findings and Conclusions

The system as planned would utilize some 5,000 feet of steel oil well casing as a main for conveying water from the sources of supply to the reservoir. This type of pipe does not meet the minimum requirements of General Order No. 103. In addition, the pipe is over 20 years old. The evidence does not permit an evaluation of the actual physical condition of this main; however, we find that pipe of this type and age cannot reasonably be relied upon to provide uninterrupted and trouble-free public utility water service, even for the immediate future.

Although the present water supply, together with planned storage, appears adequate to meet the peak demand of 52 potential customers, we find that the duration and dependability of this supply are uncertain. Because of this uncertainty, there is a definite question as to applicant's long-range ability to supply sufficient water to meet the requirements of the area.

Applicant introduced a summary of its projected operations for each of the five years from 1962 through 1966. Applicant's figures show that the system will experience an operating loss in each of those years. These estimated losses aggregate \$8,500. We are not convinced by applicant's assurances that, as a result of growth in the area, the system will eventually pay its own way. We find that the proposed public utility water operation is economically unfeasible.

The record shows that the East San Bernardino County Water District is ready, willing and able to provide the proposed area with adequate water service at rates comparable to those which applicant would charge. In view of the deficiency of applicant's plant, the uncertainty as to the adequacy of its future water supply, and the expectation of extended operations at a loss, we find that it would not be in the public interest to grant the certificate requested.

The Commission finds and concludes that applicant has failed to establish that the public convenience and necessity require applicant to construct and operate a public utility water system in the proposed service area. Consequently, the application should be denied.

#### O R D E R

Application having been filed, a public hearing held, and the Commission basing its decision on the findings and conclusions

set forth in the foregoing opinion,

IT IS ORDERED that Application No. 42997 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 29th day of NOVEMBER, 1961.

*Everett C. McPage*

President

*C. Lyn Fox*

*George G. Grover*

*Fredemick B. Holoboff*

Commissioners

EVERETT C. McPAGE

President

C. LYN FOX

GEORGE G. GROVER

FREDERICK B. HOLOBOFF

Commissioners

Commissioner *Peter E. Mitchell*, being necessarily absent, did not participate in the disposition of this proceeding.