

ORIGINAL

Decision No. 70448

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application of JAMES A. FITZSIMONS doing business as NAVAJO WATER CO., for a Certificate of Public Convenience and Necessity to operate a Public Utility Water System in the Northwest Quarter of Section 10, Township 5 North, Range 3 West, SBB&M, and to establish rates therefor.

Application No. 47682
(Filed June 17, 1965)
(Amended September 21, 1965)

Robert F. Tyler, for applicant.
Jerry J. Levander and E. C. Crawford,
for the Commission staff.

O P I N I O N

Applicant seeks a certificate of public convenience and necessity covering an area of approximately 160 acres, comprising most of the NW 1/4 of Section 10, T5N, R3W, SBB&M, in Apple Valley about six miles east of Victorville, in unincorporated territory of San Bernardino County. Establishment of rates for water service and a certificate to exercise the franchise granted by San Bernardino County by its Ordinance No. 1252 are also sought.

Public hearing was held before Examiner Warner on December 23, 1965, at Los Angeles. No protests were entered.

Applicant owns a one-half interest in Tract No. 4649, consisting of 51.659 acres, in which a water system costing \$23,707 for mains, services and hydrants had been installed and conveyed by D. Gerald Bing in exchange for the other half-interest in the tract.

Applicant has added \$19,356 to the water system facilities, including plant, land, wells, and a tractor, a trencher, and a trailer. Total cost of the presently-installed system is \$43,063 and the estimated cost to complete the system, including a filter plant to reduce fluorides in the water and a pump in the well, is \$15,000 to \$19,000.

Applicant has obtained a State Department of Public Health temporary construction water supply permit, which was issued July 12, 1965, and will expire in August, 1967, at which time, Exhibit No. 2 shows, the system will be resurveyed for possible permit renewal. However, the exhibit shows that the fluoride concentration limits have been exceeded and constitute grounds for rejection of the supply until the fluoride level can be reduced to an acceptable limit.

Applicant proposes to finance the water system operations from personal funds not now on hand but expected to be available from the sales of lots, if, as, and when they occur. He has no independent source of income other than that from his profession as a tax accountant in Apple Valley.

Exhibit No. 1 is a report submitted by a Commission staff engineer and a Commission staff accountant on the results of their investigation of the application. Paragraphs 9 and 10 of said exhibit discuss applicant's problems regarding the fluoride content of his proposed source of water supply. Paragraph 22 of said exhibit shows that applicant's financial ability was not disclosed to the staff. A financial statement, dated June 1, 1965, attached to the application, shows cash in the bank of \$250, bank assets of \$2,562.42, accounts receivable of \$1,135, for total current assets of \$3,947.42, and market value of real estate, \$350,547, plus other

fixed assets which bring their total to \$370,675.58. The record shows that the value of applicant's real estate assets was established by his own appraisal thereof.

After a careful review of the record, the Commission finds:

1. That James A. Fitzsimons owns a one-half interest in Tract No. 4649, consisting of 51.659 acres of unincorporated territory of San Bernardino County in Apple Valley, approximately six miles east of Victorville, and that D. Gerald Bing had installed a water system in said tract costing \$23,707 for mains, services and hydrants, for which applicant had conveyed to Bing the other half-interest in the tract.

2. That applicant has spent \$19,356 for intangible plant, land, a well, and power-operated equipment, but no pump or motor have been installed.

3. That applicant has a State Department of Public Health temporary construction water supply permit issued July 12, 1965, which expires in August, 1967, and which may be renewed if the fluoride content, now found to be 1.4 ppm, can be reduced to below 0.8 ppm, the State Department of Public Health's maximum.

4. That applicant would install a plant to reduce the fluorides, but the cost of such plant would be approximately \$7,000.

5. That applicant's sole source of income is his profession as a tax accountant.

6. That the funds to underwrite and operate the water system would come from the sales of applicant's properties, valued by him at approximately \$350,000.

7. That there is no showing that funds would be available for the operation of the water system.

8. That it would be adverse to the public interest to grant the application without applicant's having obtained a permanent water supply permit from the State Department of Public Health and without his having shown that he has or can obtain the necessary finances to underwrite probable losses from water operations during the period of development.

It is concluded that the public interest requires that the application be denied.

O R D E R

IT IS ORDERED that this application is denied.

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

Dated at San Francisco, California, this 15
day of MARCH, 1956.

Fredrick B. Holschuff
President
George L. Trover
William W. Bennett
Commissioners