

**ORIGINAL**

Decision No. 71293

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Harold W. Mathewson,  
Complainant,

vs.

Great Western Water Service,  
a Corporation,

Defendant.

Case No. 8423  
(Filed May 20, 1966)  
(Answered May 27, 1966)

Harold W. Mathewson, in propria persona.  
Warren O. Wagner and Clyde H. Martin,  
for defendant.

Larry Chimbole, for City of Palmdale,  
interested party.

Jerry J. Levander and Raymond E. Heytens,  
for the Commission staff.

O P I N I O N

Harold W. Mathewson, an individual and joint owner in the closed two-family Juniper Heights Corporation of 50 acres (shown in Exhibit No. 2) of undeveloped land, a part of which is Tentative Tract No. 23445 of 14 lots (Exhibit No.3) in Palmdale, seeks an order to Great Western Water Service to extend its water service outside of, but contiguous to, its certificated area in its Westmont District to serve his properties.

Public hearing was held before Examiner Warner on August 9, 1966, at Palmdale. In its answer, defendant supported the complaint alleging that it was ready, willing and able to serve the properties but was restricted from extending its water

service outside of any certificated area by Decision No. 59934, dated April 12, 1960, in Application No. 39083, without further order of the Commission. Said decision stated "The total record in this proceeding . . . clearly shows the lack of responsible management." The City of Palmdale also supported the complaint (although its witness admitted not having looked into its merits) on the ground that the proposed development of the property would be in the interests of the community. ✓

The record shows that defendant filed Application No. 47782 on July 29, 1965, to serve complainant's property. However, on the receipt of a Commission staff report, dated November 30, 1965, prepared by an accountant and an engineer, which is Exhibit No. 5 in this proceeding, said application was withdrawn by defendant, and dismissed. The staff report showed that the applicant therein and the defendant herein had failed to heed Commission orders with respect to its accounting practices and that no current or meaningful recorded financial data could be presented by the staff accountant in his report.

Defendant's president and owner of 98.6 percent of its stock testified in the instant proceeding that defendant had incurred professional accounting expenses in excess of \$8,500 to set up its books properly and still owed \$1,500 on account, and the accounting reconstruction job had not been completed, but was expected to be completed by the end of the year 1966; defendant had incurred legal expenses of \$15,000 to \$20,000 in connection with its organization and expansion and still owed \$2,400 on these

accounts; he had at least \$500,000 tied up in defendant which furnishes water service to some 100 customers in its certificated area; defendant's potential growth in its presently certificated area is 1,000 customers; it had adequate water supplies; it had suffered from the economic recession in Antelope Valley caused by removal to other areas of aircraft and related industries; the proposed water service rates of \$2 per meter per month for minimum usage of 1,000 cubic feet applicable to complainant's property were ridiculously low; and it would be uneconomical to extend service to only four lots, but that extension to the proposed development of 14 lots in Tract No. 23445 could be economical if complainant donated the costs of backup facilities and in-tract water system facilities, including services and meters.

Complainant testified that he had firm commitments for the development of four lots, including one for a home for himself; he would be willing to donate the costs of water service for the initial development; but no firm estimates of the costs had been presented to him.

We find that the Commission is without authority to order defendant to extend its service outside its certificated area, and conclude that this complaint should be dismissed for lack of jurisdiction. The proper vehicle for accomplishing the objectives of this complaint would be an application by defendant to extend service, setting forth the costs, terms, conditions, etc., of such service. Alternately, if defendant could successfully have our Decision No. 59934 set aside, as to service extension, it could provide the proposed service under our main extension rules. The facts disclosed on the record herein may be incorporated by agreement of those concerned in the record on any application defendant may make.

ORDER

IT IS ORDERED that this complaint is dismissed.

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

Dated at Los Angeles, California, this 20<sup>th</sup> day of SEPTEMBER, 1966.

President

George J. Groves

Frederick S. Holhoff

William B. Bennett

Arjahn

Commissioners

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