

49283

Decision No. _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
RANCHO GREEN VALLEY WATER COMPANY to
issue stock and assume liabilities.

Application No. 32665

In the Matter of the Application of
RANCHO GREEN VALLEY WATER COMPANY,
MOUNT JUPITER MUTUAL WATER COMPANY,
MANUEL MOSS and LENA MOSS approving
contract establishing rates and
charges, etc.

Commission investigation into the
operations and related matters in
connection with a water system furnish-
ing service in Green Valley, Los
Angeles County, of MANUEL MOSS, LENA
MOSS, JEROME G. MOSS, ARTHUR MOSS,
MOUNT JUPITER MUTUAL WATER COMPANY,
a corporation, RANCHO GREEN VALLEY
WATER COMPANY, a corporation, RANCHO
CLUB, INC., a corporation, and RANCHO
GREEN VALLEY, INC., a corporation.

Case No. 5411

OPINION AND ORDER MODIFYING DECISION
AND DENYING PETITION FOR REHEARING

Rancho Green Valley Water Company, Mt. Jupiter Mutual Water
Company, Shell Realty Corporation,⁽¹⁾ Rancho Club, Inc., and Rancho
Green Valley, Inc., all California corporations, and Manuel Moss
and Lena Moss, his wife, filed their petition for rehearing herein.

The petition for rehearing is based on various grounds in
which Decision No. 49270 herein is said to be inaccurate and in-
consistent, in excess of the Commission's jurisdiction and incon-
sistent with its prior Decision No. 46757; further, that there has
been a change in facts and conditions subsequent to the last

(1) Although Shell Realty Corporation therein appears for the
first time in this proceeding, Manuel Moss is its alter
ego; hence it is equally bound by the Commission's decisions
herein.

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hearing herein. The record has been carefully reviewed in the light of the claims advanced in the petition for rehearing. It discloses that Manuel and Lena Moss own certain property comprising part of the water system as individuals and have conveyed other property to the corporations which they, or either of them, own and control so effectively as to make such corporations actually their alter egos. For example, Shell Realty Corporation, which was the alter ego of Manuel Moss, effectively controlled Mt. Jupiter Mutual Water Company. The latter conveyed the water system to Rancho Green Valley Water Company. Manuel Moss verbally transferred all of his interest therein to his wife, who is its principal creditor, and if the Commission had authorized a stock issue, would have been its sole shareholder.

On August 3, 1951, Rancho Green Valley Water Company, by its President, Lena Moss, filed an application with this Commission asking that it be declared a public utility and seeking permission to issue stock to cancel a debt for money alleged to have been advanced by her for the purpose of buying the producing and distributing facilities owned by said applicant, and to cancel its debt to her for the costs of incorporation. Manuel Moss, Lena Moss and Mt. Jupiter Water System joined in the application, the latter by their son, Jerome Moss, its President. A public hearing was had on January 21, 1952, and by Decision No. 46757 the Commission found that Rancho Green Valley Water Company had no working cash, an inadequate financial outlook, a limited water supply and a run-down water system. It was not considered to be in the public interest that Rancho Green Valley Water Company be granted a certificate of public convenience and necessity. The Supreme Court denied review. The Commission ordered an investigation into the operations of the water system (Case No. 5411) and applicants requested that the

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matter of their application be reopened to present additional evidence. The matter was reopened, and thereafter two hearings were held. By Decision No. 49270 the Commission found that Manuel and Lena Moss, Mt. Jupiter Mutual Water Company and Rancho Green Valley Water Company were a public utility, and ordered Manuel and Lena Moss to continue to manage and operate the public utility water system. It was found not to be in the public interest that Rancho Green Valley Water Company should manage, operate or control the water system.

The Commission is still of the opinion and so finds that Lena and Manuel Moss own, operate or control the system, whether as trustees, contractors or individuals, and that they come within the provisions of Sections 241 and 2701 of the Public Utilities Code. Manuel Moss is presently the manager of the system. He and his wife and son, Jerome Moss, (the latter two being officers of Rancho Green Valley Water Company) get together to make final decisions. While bare legal title to most of the system may be in Rancho Green Valley Water Company, the record is clear and the Commission finds that it is the alter ego of said Manuel and Lena Moss, by virtue of their ownership, operation and control thereof; that Manuel and Lena Moss, individually and through corporations which they own and control, have dedicated certain of their properties to the public in the development of a public utility water system, and, through the corporations over which they exercise control, have held themselves out to serve water to the public in the Green Valley area and to the Habonemein Camp, not only from the Bennett Well, but on a stand-by basis from the Lake Well.

The Commission has received a verified affidavit from a physician to the effect that Manuel Moss is suffering from a heart condition as a result of which any excitement might cause his death;

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further, in his petition for rehearing, Manuel Moss alleges that he has terminated his contract to operate the water system, effective Jan. 5, 1954. Because of the unusual circumstances here presented, we hereby authorize Manuel Moss to terminate said contract. Based upon the termination of this contract, the Commission will modify its order as to Manuel Moss.

However, Lena Moss, to whom her husband transferred all of his interest in the water system, is still the owner thereof; she is the principal creditor of Rancho Green Valley Water Company, and it is her alter ego. She is hereby put on notice that having dedicated to public use the water system which, through her alter ego corporation, she actually owns and controls, she may not discontinue the operation of the utility without the permission of this Commission.

Having found that Lena Moss is a public utility, and that public convenience and necessity require that she continue its management, operation and control, the Commission has authority to order her to file a rate schedule and map, to enlarge mains and to set up books of account and depreciation reserve. Failure to comply with any final order of the Commission can result in the institution of appropriate punitive proceedings.

Ordinarily, corporate entities will be recognized. However, the doctrine is long established and well settled that when necessary to protect the rights of third persons, law and equity will intervene and cast aside the fiction of independent corporate existence.

Of all utilities regulated by this Commission, water companies have perhaps the most important and immediate impact upon the public, since water is a daily requisite of life. In order to protect the interests of the consumers, the Commission in its Decision No. 49270 disregarded the corporate fiction, placed the responsibility for the water system's operation where it belongs, and fixed a schedule of non-discriminatory rates.

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This Commission will not authorize Lena Moss to transfer the responsibility of operating the public utility water system here under consideration to Rancho Green Valley Water Company until, in an appropriate transfer proceeding, it is shown that Rancho Green Valley Water Company will have the necessary financial responsibility to assume the obligation of operating the water system.

It appearing to the Commission that because of changed conditions, Decision No. 49270 should be modified insofar as it orders Manuel Moss to continue to operate as a public utility, and it further appearing that no sufficient reason is made to appear by the petition for a rehearing herein;

IT IS HEREBY ORDERED that Decision No. 49270 is modified by deleting the name of Manuel Moss from the ordering paragraphs thereof, and including Manuel Moss among the persons and corporations listed in the ordering paragraph two thereof, who are authorized to execute quitclaim deeds to said public utility water system properties in favor of Lena Moss, his wife.

IT IS HEREBY ORDERED that the petition for rehearing be and it is hereby denied.

Dated at San Francisco, California, this 21st day of December, 1953.

R. F. [Signature]
President
Justus J. [Signature]
[Signature]
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