

ORIGINAL

Decision 84 07 009

JUL 5 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Moon Meadow Utility
Company, of Scotts Valley,
California, to increase water
rates by approximately 185 percent.

Application 60212
(Filed January 23, 1981)

ORDER OF DISMISSALStatement of Facts

Moon Meadow Utility Company (Moon Meadow), by an advice letter filing in August 1980, sought a 185% rate increase. A fifth of the small Felton, California, water utility's customers wrote in strong protest, asking for a public hearing. In addition, all of the company's customers earlier had filed a formal complaint, Case 10848, with the Commission, alleging intolerable service interruptions and conditions as well as unavailability of the utility's agents.

A public hearing of that complaint had ascertained that the system originally had been constructed in 1976 without Commission authorization in violation of Public Utilities (PU) Code § 1001, and within the occupied service territory of the San Lorenzo Valley County Water District (District). In addition, the water system had been repeatedly sold and transferred since without Commission authorization in violation of PU Code § 851. Finally, at least half of the utility's customers were seeking to switch and connect with the District, being fed up with the way Moon Meadow's then owner, Coast County Development and its president, Robert Denning, were operating the utility.

By an interim order (Decision 92094 issued August 1, 1980) in Case 10848, the Commission had ordered an intertie on a temporary emergency basis to the District to alleviate the immediate desperate supply problem. Accordingly, staff recommended converting the advice letter request to a formal application. This was done in late January 1981.

Administrative Law Judge John B. Weiss, assigned as hearing officer to this matter, deferred proceeding on the application until clarification of Moon Meadow's management structure was achieved, the status of reported litigation over the ownership was made clear, the extent of customer defection to the District was known, and management cooperated with regard to the District intertie arrangements and service interruptions.

Thereafter the District set up an assessment district and made bonding arrangements to facilitate consumers' switching over to the District. With a 6-inch water main in Bahr Drive immediately available, the District offered an attractive and reliable alternative. Many customers availed themselves of this financing opportunity, joining others who had elected to directly pay in full the \$3,000 connection fee of the District. By mid-1981 three quarters of Moon Meadow's customers had abandoned the utility to take service from the District. Those customers remaining, being downhill from the Moon Meadow well and storage facilities, but distant from the District's Bahr Drive main, continued on a virtual self-help basis to draw water from Moon Meadow. The intertie to the District was withdrawn. Ultimately these remaining consumers banded together and purchased Moon Meadow and its water system from Coast County Development and Denning. Operating since as a de facto non-profit water mutual corporation, they have paid off Moon Meadow's debts and rehabilitated the well and the system to the point that they are functioning very adequately for the requirements of the half dozen mutual members.

As a corporation or association organized for the purpose of delivering water to its members without profit, and delivering water to no one except its members, Moon Meadow today is no longer a public utility, and is no longer subject to the jurisdiction, control, or regulation of this Commission (See PU Code § 2705). Accordingly, this application has become moot, and as requested by

Juel Edwards of the mutual in a telephone conversation May 14, 1984 with Judge Weiss, should immediately be dismissed with prejudice.

Findings of Fact

1. Moon Meadow today is owned and run as a de facto non-profit mutual corporation.

2. The present owners of Moon Meadow request that their Application 60212 for rate relief be dismissed with prejudice.

Conclusions of Law

1. Application 60212 should be dismissed with prejudice.

2. The effective date of this order should be the date of signature in that the Commission no longer has jurisdiction over the system.

IT IS ORDERED that Application 60212 seeking rate relief is dismissed with prejudice as set forth above.

This order is effective today.

Dated JUL 5 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

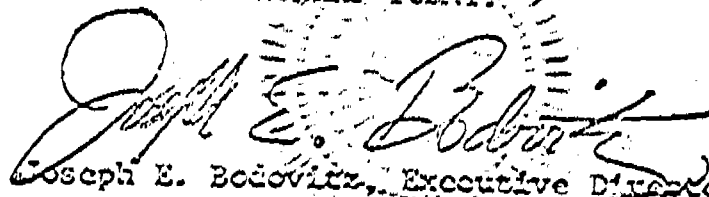
PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY:


Joseph E. Bodovitz, Executive Director