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ORIGINAL

Decision _____

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
MEADOWBROOK WATER COMPANY to convey)
its assets to the Crestline-Lake)
Arrowhead Water Agency, a Public)
Entity of the State of California.)

Application 82-02-16
(Filed February 9, 1982)

O P I N I O N

Meadowbrook Water Company (MB), a corporation, operates as a public utility water company. It serves approximately 146 customers in the Crest Park subdivision in the Lake Arrowhead area of San Bernardino County.

The Crestline-Lake Arrowhead Water Agency (Agency) is an independent special district located within the San Bernardino Mountains, created by special act of the California Legislature, and governed by a Board of Directors elected by the registered voters within the Agency. The Agency owns and operates a water distribution system for the delivery of water to other water purveyors and to water consumers on a retail basis. In the past the Agency has agreed to accept the transfer of ownership and operation of the water distribution systems of private water companies within the Agency's boundaries upon request of the customers. The service area of MB is located entirely within the boundaries of Agency.

In this application, MB seeks to convey all of its assets to Agency, and to discontinue service as a public utility.

Background

On October 6, 1981, the Commission determined in D.93596 in OII 96 that MB had been abandoned and ordered the Executive Director of this Commission to immediately seek and appoint a qualified person or entity to manage the affairs of MB until a court-appointed receiver

assumed those duties. The decision concluded that an emergency condition existed in that there was no person responsible for the day-to-day operations of MB. On November 3, 1981, in D.93690, the Commission appointed Meadowbrook Homeowners Association (MHA) as temporary manager of MB. MHA was authorized to bill and collect all revenues for water and utility service.

D.82-01-12 dated January 5, 1982 found that MB was unable to meet its current expenses from revenues generated by the existing rates, and authorized the temporary manager to bill and collect on a monthly basis and to raise rates, pending transfer of the water system to a court-appointed receiver, to Agency, or to another water purveyor.

Data in the Application

The application states that on January 22, 1982, Ernest E. Hansen legal owner of all the issued and outstanding shares of stock in MB, appointed three individuals to act as directors of MB in accordance with MB's articles of incorporation and by-laws, and as sole shareholder he consented to a conveyance of the assets of MB to Agency. On January 30, 1982, the three directors of MB elected a chairman, secretary, and treasurer of the board, and authorized the preparation of this application for approval by this Commission for the conveyance of the assets of MB to Agency. Agency has prepared a written agreement for the acquisition of MB's assets, which describes the real and personal property to be conveyed. Agency has also prepared a deed to convey the real property owned by Meadowbrook. The agreement and the deed require the signatures of MB's chairman and the secretary of the board of directors.

The application further states that MB's water system is in critical need of repair and, upon acquisition, Agency intends to immediately seek the financing necessary to upgrade the water system. In the interim, Agency is assisting in the emergency repair of the system as needed. MB and Agency believe that a public hearing on this application would be unnecessary and unduly time-consuming, since the

Commission has already considered and approved in concept the transfer of the MB water system to Agency. Agency asks that the Commission act on this application on February 17, 1982.

Discussion

As indicated above, we have approved in concept the transfer of MB to Agency, having ordered MB in D.91855 to take such action as one of three alternatives to improve service to MB's customers. Agency has reached agreement with the Commission-appointed temporary operators of MB to transfer the system. This action should be taken immediately in order to preserve adequate water service to water customers in MB's service area. We find that an unforeseen emergency exists, as that term is used in Rule 81.5 of the Commission's Rules of Practice and Procedure which requires decision in this matter more promptly than would be permitted if advance publication was made on the Commission's regular meeting agenda.

Findings of Fact

1. This Commission in D.91855 has previously ordered MB to seek transfer of its water system to Agency as a means of providing adequate service to MB's customers.
2. Agency and MB have agreed to the transfer of MB's customers to Agency's system upon the transfer of MB's assets to Agency.
3. MB and Agency ask that such transfer take place immediately.
4. The transfer of the assets of MB to Agency as proposed in the application is not adverse to the public interest.
5. MB is temporarily managed and operated by order of this Commission by members of MHA, pending transfer of MB's system.

Conclusion of Law

1. The proposed transfer of MB's assets to Agency should be accomplished as soon as possible in order that MB's customers may obtain adequate water service.
2. The order should be effective on date of issuance.
3. Upon consummation of the transfer, MB should be relieved of its obligations and duties as public utility to provide water service to its patrons.

4. The temporary managers of MB should be relieved of their responsibilities imposed by D.93690 in OII 96.

O R D E R

IT IS ORDERED that:

1. On or before May 15, 1982, Meadowbrook Water Company, a corporation, may transfer the water system and other assets referred to in the application to Crestline-Lake Arrowhead Water Agency, a public district, according to the terms in the application.

2. On or before the date of transfer, seller shall refund any customer credit deposits which are subject to refund.

3. Within 10 days after transfer, seller shall write the Commission stating dates of transfer and deposit refunds, and date when buyer began operating the water system. A copy of the transfer documents shall be attached.

4. Upon compliance with this order, seller shall be relieved of its public utility obligation to the transferred system.

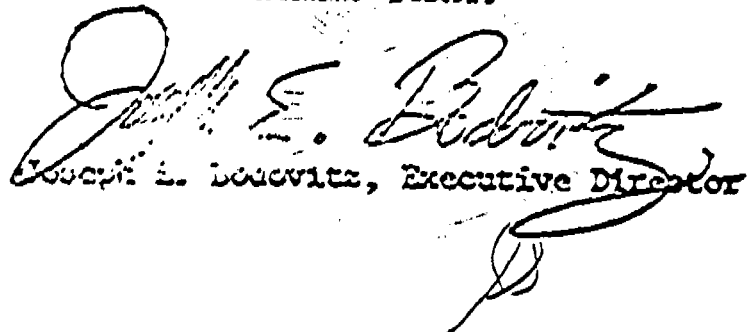
5. On date of transfer, Meadowbrook Homeowners Association is relieved of the duties and responsibilities for managing and operating the system imposed on it in D.93690 and D.82-01-12 in OII 96.

This order is effective today.

Dated FEB 17 1982, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. CREW
Commissioners

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


Joseph L. Doucette, Executive Director