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Decision No. 90485 JUL 3 1979

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

APPLICATION OF MICHAEL L. ADAMS)	
AND SHARON MARIE ADAMS, HUSBAND)	
AND WIFE, ALTON T. DURANT AS)	Application No. 58667
EXECUTOR OF THE WILL OF MARY)	(Filed February 13, 1979)
ISABELLE BELLO AND ALTON T. DURANT)	
AS TRUSTEE OF THE BELLO CHARITABLE)	and
REMAINDER UNITRUST FOR AUTHORIZATION)	Amendment
TO ACQUIRE AND CONTROL LAKE GREGORY)	(Filed February 13, 1979)
WATER COMPANY, A PUBLIC UTILITY.)	

ORDER RESCINDING DECISION NO. 90319
AND
INTERIM ORDER

By Decision No. 90319, dated May 22, 1979, this Commission authorized the transfer of Lake Gregory Water Company to applicants Michael L. and Sharon Marie Adams. As of this date the applicants have not notified this Commission of their acceptance of the transfer, so the transfer has not been completed.

On Thursday, June 28, 1979 the Commission was informed that the water supply to Lake Gregory Water Company (Lake Gregory) had been cut off for failure to pay past due bills. On this same day the Board of Supervisors of the County of San Bernardino declared a state of local emergency in the service area of Lake Gregory. The system serves approximately 2,000 connections. Without immediate intervention the system would have been without drinking water, sanitation water, or fire protection water.

On Friday, June 29, 1979, the County obtained a temporary restraining order restoring the water supply to Lake Gregory until July 9, 1979.

Based upon information obtained from our staff, the California Department of Health Services, the Crestline Village County Water District (Crestline), the County of San Bernardino, the Crestline-Lake Arrowhead Water Agency (CLAWA) and the present management and

owners of Lake Gregory it appears that Lake Gregory is not able to meet its current and past obligations. The owners of Lake Gregory have openly stated that they would not infuse new equity capital into the utility. They have further stated that the system would have to be self-supporting, and have on more than one instance threatened bankruptcy proceedings. Such statements may have induced the water purveyor to terminate service on June 28, 1979.

As a result of several telephone conversations between the County, CLAWA, Crestline Village, and the State Department of Health Services and our staff, we have determined that it would be in the public interest to have Crestline Village manage and operate Lake Gregory for the immediate future. It is our understanding that the water purveyor to Lake Gregory will continue to supply water to Lake Gregory if Crestline Village manages the utility pending resolution of this present emergency.

We hereby give Crestline Village the right to enter, operate, and maintain Lake Gregory Water Company, to collect and deposit all revenues due to Lake Gregory and pay such bills and make such expenditures as it deems in the best interest of the customers of Lake Gregory. In so doing it should be understood by all concerned that Crestline Village is not assuming any of the past or present indebtedness of Lake Gregory. In order to effectuate this management change it is necessary to rescind Decision No. 90819, which transferred control of the utility to Michael and Sharon Adams. This is done pursuant to Section 701^{1/} of the P. U. Code to meet the present emergency. Applicants Adams may request a hearing, which they would normally have been accorded under Section 1708^{2/}, if they are still desirous of obtaining control.

1/ "701. The commission may supervise and regulate every public utility in the State and may do all things, whether specifically designated in this part or in addition thereto, which are necessary and convenient in the exercise of such power and jurisdiction."

2/ "1708. The commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it. Any order rescinding, altering, or amending a prior order or decision shall, when served upon the parties, have the same effect as an original order or decision.

IT IS ORDERED that:

1. Crestline Village County Water District is authorized to enter, manage, and operate Lake Gregory Water Company until further order of the Commission.

2. In performance of its management duties, Crestline Village may collect all revenues for water and utility service received as of the date of this order. It may endorse all checks made out to Lake Gregory Water Company and shall deposit them in a separate account. It may draw against that account to pay its management expenses, for repairs to the utility system and for any other routine expenses to the extent that it has revenue from the operation of the system.

3. The owners, managers, and employees of Lake Gregory are directed to cooperate with Crestline Village in all matters pertaining to the temporary management and operation of the water utility.

4. Decision No. 90319 is hereby rescinded. Because of the emergency situation this order is made pursuant to Sections 701 of the Public Utilities Code and without an opportunity for hearing as required by Section 1708.

Because of the emergency conditions involved and the need to have continuing supplies of water for the customers of Lake Gregory after expiration of the temporary restraining order, the Commission declares the existence of an unforeseen emergency situation as contemplated in P. U. Code Section 306(b).^{3/}

This order is made effective on the date hereof. The Executive Director shall cause this order to be personally served on Lake Gregory Water Company, Crestline Village County Water District and the County of San Bernardino. Copies shall also be mailed to Crestline Lake Arrowhead Water Agency and the California Department of Health Services.

^{3/} "...In addition to the requirements of Section 11125 of the Government Code, the commission shall include in its notice of meetings the agenda of business to be transacted, and no item of business shall be added to the agenda subsequent to the notice in the absence of an unforeseen emergency situation. A rate increase shall not constitute an unforeseen emergency situation. As used in this subdivision, "meeting" shall include all investigations, proceedings, and showings required by law to be open and public."

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Dated at San Francisco, California this 3rd day of July, 1979.

John E. Byron
President

Vernon L. Sturgeon

Richard P. Swartz

Clare J. Farrell

Lawrence J. ...
Commissioners