

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
Water Utilities Branch

RESOLUTION NO. W-3935*
August 11, 1995

R E S O L U T I O N

(RES. W-3935), MOUNT CHARLIE WATER WORKS. (MT. CHARLIE).
ORDER RECOGNIZING JOHN W. RICHARDSON (RICHARDSON) AS THE
COURT APPOINTED RECEIVER OF MT. CHARLIE.

BY LETTER DATED JUNE 5, 1995.

SUMMARY

This Resolution recognizes John W. Richardson as the Santa Cruz County Superior Court's appointed receiver for Mt. Charlie Water Works, Inc.

BACKGROUND

On May 19, 1995, the County of Santa Cruz, on behalf of its Health Department, filed Application No. 130326 in Santa Cruz County Superior Court requesting that a receiver be appointed to operate Mt. Charlie. The filing cited numerous instances of the Mt. Charlie management's inability or unwillingness to meet health and safety regulations.

The County's request for a receiver was granted by the court on May 31, 1995. At that time Richardson was appointed receiver. Richardson is in the business of trustee and receivership. He has hired several individuals to run the system, including a licensed water treatment plant operator. Richardson has been working diligently on system repairs, emergency chlorination, and a long-range improvement plan.

Mt. Charlie has been plagued by outages and inefficiencies for many years. Its water supply is inadequate to serve 152 service connections and has failed water quality tests on numerous occasions. The Santa Cruz County Health Officer has issued "boil orders" in several instances over the past two years. Additionally, Mt. Charlie has available to it a pure source of water, the Montevina Pipeline from Lexington reservoir. Mt. Charlie has been making payments to the pipeline corporation for its share of capital costs over the past three years, but must make engineering changes to its system before water service can be provided. Wester Sweet, operator and part owner of Mt. Charlie, has failed to make significant progress toward a connection and system improvements in the three years imported water has been available.

DISCUSSION

Section 4035 of the California Health Services Codes states that:

"When the Department determines that any public water system is unable or unwilling to adequately serve its users, . . . ,

the Department may petition the superior court for the county within which the system has its principal office or business for the appointment of a receiver to assume possession of its property and operate its system upon such terms and conditions as the court shall prescribe."

The Commission has similar power to petition the Court to appoint a receiver if a utility is unwilling or unable to carry out its responsibilities to its ratepayers. This resolution serves to indicate the Commission's concurrence in the appointment of Richardson subject to the terms and conditions prescribed by the court. In the short time Richardson has been operating the system, service has improved, attention has been paid to leaks and water outages, chlorination has begun, and the utility has moved forward aggressively to complete the water interconnection with the Montevina Pipeline. In addition, Richardson has shown a high level of interest in customer notification and response, sending out newsletters and holding an informal public meeting. Branch has every indication that Richardson will take the appropriate steps to improve the water system and operate responsibly. Therefore, the Branch recommends that the Commission recognizes Richardson as the court-appointed receiver to operate and manage Mt. Charlie.

NOTICE AND PROTESTS

A notice of the receivership was mailed to each customer on June 5, 1995. The Branch received no protest from customers. Branch representatives attended a public meeting on July 17, 1995, where customers had the opportunity to comment on Richardson's management. All comments directed toward the receiver were positive.

FINDINGS AND CONCLUSIONS

1. Mt. Charlie Water Works, Inc. is a public water utility system within the jurisdiction of the Commission.
2. The current owner of Mt. Charlie Water Works, Inc., Wester Sweet, has failed to operate the water system in accordance with the rules and regulations of the Santa Cruz County Department of Health.
3. The County Department of Health petitioned the Santa Cruz County Superior Court to appoint a receiver for Mt. Charlie Water Works, Inc.
4. John W. Richardson is the Santa Cruz County Superior Court appointed receiver to operate MCWW.
5. There is no known opposition to the receivership.

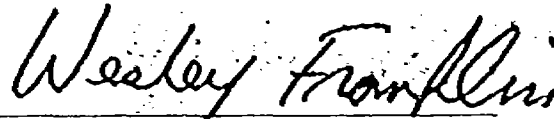
Resolution W-3935*
Mt. Charlie Water Works/REP/tfs

IT IS ORDERED that:

1. John W. Richardson be recognized as the Santa Cruz County Superior Court appointed receiver for Mt. Charlie Water Works, Inc. under Section 855 of the Public Utilities Code.

2. This resolution is effective today.

I certify that this resolution was adopted by the Public Utilities Commission at its regular meeting on August 11, 1995. The following Commissioners approved it:



WESLEY M. FRANKLIN
Acting Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
Commissioners