

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



FILED

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In the Matter of the Application of)
Newhall Holding Company, LLC, Newhall)
Intermediary Holding Company, LLC,)
LandSource Holding Company, LLC, and)
Valencia Water Company (U-342-W) for)
Authority for Newhall Holding Company,)
LLC, Newhall Intermediary Holding)
Company, LLC, and LandSource Holding)
Company, LLC to Acquire Indirect Control)
Over Valencia Water Company.)
_____)

Application No. 09-10-024
(Filed October 19, 2009)

**REPLY COMMENTS ON
PROPOSED DECISION OF ALJ GALVIN**

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure, Newhall Holding Company, LLC ("Newhall Holding"), Newhall Intermediary Holding Company, LLC ("Newhall Intermediary"), LandSource Holding Company, LLC ("LandSource Holding"), and Valencia Water Company (U-342-W) ("Valencia") (collectively, "Applicants") hereby submit their reply comments on the Proposed Decision ("PD") of Administrative Law Judge ("ALJ") Galvin in the above-captioned proceeding. These reply comments respond to the Joint Comments on the PD submitted by Friends of the Santa Clara River and Santa Clarita Organization for Planning the Environment ("Friends/SCOPE" or "F/S"). Friends and SCOPE both previously filed protests of this Application.

In their comments, Friends/Scope display a wide array of dissatisfactions with the PD. However, none of their concerns and objections establish any legal or factual error in the Proposed Decision. A few examples will demonstrate this fact.

On the first page of their comments, Friends/SCOPE object to the PD's statement that no party submitted alternative proposals to the proposed acquisitions of control. Friends/SCOPE allege that "SCOPE in fact did present an alternative, i.e. accepting the merger after full disclosure of ownership and with the attached conditions relation to capitalization of Valencia Water Company, which it established when Cerberus/LNR obtained its 50% ownership interest in the company and "Affiliated Interest Transaction Rules" as developed by the CPUC." Attachment of the referenced conditions and affiliate transaction rules, however, is not an "alternative" to the present Application, because the Application itself expressly stated Applicants' willingness to accept those very conditions and rules. See, Application, at 12-13; see also, Applicants' Reply to Protests, filed December 3, 2009, at 2.

With respect to "disclosure of ownership," a theme to which Friends/SCOPE allude repeatedly in their comments, the Application specifically identified all entities acquiring controlling interests in Valencia Water Company, and each of those entities is an Applicant in this proceeding. As noted at page 8 of the Application, ownership of Newhall Holding Company, LLC is held by more than 100 investment companies, none of which owns more than a 20% interest. It would be highly unusual and probably unprecedented for an application of this sort to list the names of such a large number of non-controlling investors in an applicant company. There is no reason why the Commission needs or would desire such information.

Friends/SCOPE also is bothered that there is no record of an address for Five Point Communities Management, Inc. in Valencia, California. F/S Comments, at 1. That is not surprising, since the Application, at page 6, correctly indicates that company's address in Aliso Viejo, California.

Friends/SCOPE are especially upset that the PD concludes that their protests are “wholly without merit.” They consider this conclusion to be “intentionally insulting” and “designed to discourage the public from participating” in Commission proceedings. F/S Comments, at 2-3. Rather than so stridently attacking the Proposed Decision, a bit of soul searching by Friends and SCOPE might have been in order. Their advocates might have asked themselves why they have been so singularly unsuccessful in Commission proceedings over the past decade. The answer to that question is easy to find. They have been barking up the wrong tree.

Friends and SCOPE are primarily interested in limiting the gradual urbanization of the Santa Clarita Valley, where the parent companies of Valencia Water Company have long been engaged in the business of land development on a substantial scale. Over the years, Friends and SCOPE have challenged the sufficiency of environmental impact reports associated with various land development projects in the Santa Clarita Valley, with occasional success. They have sought to extend their “anti-growth” campaign into areas of the Commission’s oversight over Valencia Water Company, but they have consistently failed to identify issues properly of concern to the Commission. Specifically, they have failed to present issues relevant to Valencia Water Company’s performance of its duty to provide high quality water utility service at reasonable rates. Instead, they have tried to use their status as parties to proceedings before this Commission as means to gain information that they think may support their continuing campaign against land development in the Santa Clarita Valley. See, Applicants’ Reply to Protests, *supra*, at 3-10. Their protests in the current proceeding follow similar lines, justifying the PD’s conclusion that they are “without merit.”

CONCLUSION

Neither Applicants nor Protestants Friends/SCOPE have identified any errors of fact or law in the Proposed Decision. Applicants therefore respectfully urge the Commission to adopt and issue the Proposed Decision as the Commission's own decision at the earliest convenient date.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I, Jeannie Wong, hereby certify that I will on this date serve by electronic mail, first class U.S. mail, and hand delivery, a copy of the foregoing REPLY COMMENTS ON PROPOSED DECISION OF ALJ GALVIN to the following persons on the service list for Application 09-10-024:

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Executed this 1st day of February, 2010, in San Francisco, California.

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