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

Application of Western Water Holdings, LLC, PWC Merger Sub, Inc., Park Water Company (U314W) and Apple Valley Ranchos Water Company (U346W) for Authority for Western Water Holdings, LLC to Acquire and Control Park Water Company and Apple Valley Ranchos Water Company.

Application 11-01-019  
(Filed January 21, 2011)

**ADMINISTRATIVE LAW JUDGE'S RULING TO REQUEST AN OPINION LETTER FOR THE COUNSEL OF THE MOJAVE WATER AGENCY ON WATER RIGHTS HELD BY APPLE VALLEY RANCHOS WATER COMPANY**

Park Water Company (Park) wholly owns and operates Apple Valley Ranchos Water Company (Ranchos).<sup>1</sup> Both are Class-A water utilities regulated by the California Public Utilities Commission. Western Water Holdings LLC (Holdings), PWC Merger Sub Inc (Merger Sub), Park, and Ranchos (collectively Applicants) filed a joint application seeking Commission authorization for Merger Sub to merge with and into Park and for Holdings to thereby acquire and control, directly or indirectly, Park and Ranchos (the Transaction). Both Merger

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<sup>1</sup> In this proceeding the Commission will use "Ranchos" as an abbreviation for Apple Valley Ranchos Water Company, rather than an acronym such as "AVR," and will not use "Apple Valley" to avoid confusion with the Town of Apple Valley that is an active participant in the proceeding. Wherever possible we will use word or contractions of long names in preference to initials.

Sub and Holdings are wholly owned subsidiaries of Carlyle Infrastructure Partners Western Water L.P. (CIP Western Water) which is wholly owned by a group of investment fund vehicles associated with Carlyle Infrastructure Partners L.P. (collectively Carlyle Infrastructure). (Application at 1.) Park would continue to be the sole owner of the stock of Ranchos upon completion of the Transaction. The Transaction would not involve the sale of any assets of Ranchos or Park. The Commission must approve the Transaction proposed in this application pursuant to Pub. Util. Code § 854(a)<sup>2</sup> before such the Transaction may occur.

Within the application, the Commission has been informed by Applicants that Mojave Water Agency is a water agency created by California statute (the Mojave Water Agency Act) and has been appointed Watermaster by the Riverside Superior Court to “administer and enforce” an amended Judgment in the Mojave Basin Adjudication (*City of Barstow v. City of Adelanto*, Riverside Superior Court Case No. 208568). The Commission understands from the Applicants that Ranchos holds certain water rights in the Mojave Basin pursuant to the Judgment. There is a concern that has been raised by parties to the

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<sup>2</sup> 854. (a) No person or corporation, whether or not organized under the laws of this state, shall merge, acquire, or control either directly or indirectly any public utility organized and doing business in this state without first securing authorization to do so from the commission. The commission may establish by order or rule the definitions of what constitute merger, acquisition, or control activities which are subject to this section. Any merger, acquisition, or control without that prior authorization shall be void and of no effect. No public utility organized and doing business under the laws of this state, and no subsidiary or affiliate of, or corporation holding a controlling interest in a public utility, shall aid or abet any violation of this section.

application whether approval of the Transaction by the Commission would in any way affect those certain water rights as currently held by Ranchos.

Therefore, pursuant to Rule 13.10<sup>3</sup> of the Commission's Rules of Practice and Procedure, the purpose of this Ruling is to direct Applicants to contact the legal counsel to the Mojave Water Agency to seek an opinion letter. It would greatly assist the Commission to have the opinion of Mojave Water Agency's counsel<sup>4</sup> on the following questions:

1. Is there any provision in the Judgment or the Mojave Water Agency Act by which the Transaction will constitute a transfer of Ranchos' water rights?
2. Is there any provision in the Judgment or the Mojave Water Agency Act, or any other reason, that would require approval by the Mojave Water Agency for the Transaction to be effective?
3. Is there any provision in the Judgment or the Mojave Water Agency Act by which the Transaction will encumber, diminish, or cause a loss of Ranchos' water rights in the Mojave Basin?

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<sup>3</sup> 13.10. (Rule 13.10) Additional Evidence.

The Administrative Law Judge or presiding officer, as applicable, may require the production of further evidence upon any issue. Upon agreement of the parties, the presiding officer may authorize the receipt of specific documentary evidence as a part of the record within a fixed time after the hearing is adjourned, reserving exhibit numbers therefor. Note: Authority cited: Section 1701, Public Utilities Code. Reference: Section 1701, Public Utilities Code.

<sup>4</sup> Applicants informed the parties and the assigned Administrative Law Judge by email on March 22, 2011 that counsel to the Mojave Water Agency is William J. Brunick, Esq. with the firm Brunick, McElhaney & Beckett, in San Bernardino, Ca.

Should the legal counsel to Mojave Water Agency consent to provide the Commission such an opinion letter, Applicants must then file and serve that opinion letter in this docket.

Therefore, **IT IS RULED** that Park Water Company, Apple Valley Ranchos Water Company, Western Water Holdings LLC, and PWC Merger Sub Inc. (Applicants) are directed to request, and if possible, obtain from legal counsel to the Mojave Water Agency an opinion letter addressing the three questions posed in this ruling. Upon receipt of such opinion letter, Applicants are to file and serve copies of the opinion letter in this proceeding.

Dated March 24, 2011, at San Francisco, California.

/s/ DOUGLAS LONG  
Douglas Long  
Administrative Law Judge