

PROPOSED RESOLUTION

Resolution W-5163
WD

Agenda ID #16434

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION W-5163

April 26, 2018

RESOLUTION

**(RES. W-5163) MADDEN CREEK WATER COMPANY
(MADDEN) & TAHOE CEDARS WATER COMPANY (TAHOE).
ORDER REVOKING THE CERTIFICATES OF PUBLIC
CONVENIENCE AND NECESSITY (CPCN) OF MADDEN &
TAHOE.**

SUMMARY

This Resolution revokes the CPCN's of Madden Creek Water Company (Madden) & Tahoe Cedars Water Company (Tahoe) because the two utilities were condemned by the Tahoe City Public Utility District (TCPUD) in a superior court proceeding.

BACKGROUND

Tahoe, a Class C water utility, provided water service to approximately 1,140 residential flat rate and 24 metered commercial customers in Tahoe Cedar and adjacent areas located near the community of Tahoma, in El Dorado and Placer Counties.

Tahoe was owned by Mid Sierra Water Utility, Incorporated (Mid-Sierra). Mid-Sierra also owned Madden Creek Water Company, a Class D water utility. The two utilities shared the same administrative office, office equipment and billing expenses, office salaries, and office utilities. Each utility filed for rates separately and each had a proportional share of costs.

Madden provided water service to approximately 142 residential flat rate and 23 metered customers in Homewood and the surrounding vicinity on the west shore of Lake Tahoe in Placer County.

On December 7, 2017, the TCPUD filed Case No. SCV0040429 before Commissioner Michael Jacques of the Superior Court of the State of California, County of Placer (Court). In the Final Order of Condemnation, the Court notes that TCPUD has paid "the total sum awarded by the court as just compensation" for all of the issued and outstanding stock and assets of Madden and Tahoe, collectively owned by Mid-Sierra.

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By letter dated February 8, 2018, TCPUD informed the Division that TCPUD acquired via condemnation the operational assets, water rights and right to provide service of Mid-Sierra. A copy of the Final Order of Condemnation executed by Placer County Judge Wachob in Placer County was attached to this letter as well, and Judgment was entered in this case on December 21, 2017. TCPUD has already applied for the transfer of the Domestic Water Supply Permits with the State Water Resources Control Board, Division of Drinking Water. Separately, by letter dated February 12, 2018 to the Water Division, the law firm representing Mid-Sierra informed the Division of the condemnation and that TCPUD began providing water service to Mid-Sierra's former customers beginning on January 2, 2018.

Madden was granted a CPCN as Madden Creek Water Company on August 6, 1930 by Decision (D.) 22753. Tahoe acquired Madden as authorized by D. 77036, on April 7, 1970. Tahoe was granted a CPCN as Tahoe Cedars Water Company on July 6, 1940 by D. 33334. The entities operating as Tahoe and Madden were transferred to Mid-Sierra Water Utility as authorized by D. 79386 on November 23, 1971.

Madden's last general rate increase was approved on November 19, 2010, pursuant to Resolution W-4851, which authorized an increase of \$47,767, or 78.7%, and a rate of return of 12.98%. Tahoe's last general rate increase was approved on November 19, 2010, pursuant to Resolution W-4849, which authorized an increase of \$150,437 or 41.7%, and a rate of return of 12.2%.

NOTICE AND PROTESTS

No notice was supplied with the letters from TCPUD and Mid-Sierra.

DISCUSSION

At this point, Mid-Sierra no longer owns or operates a "water system" as defined in Public Utilities Code section 240, and is no longer a "water corporation" as defined in Public Utilities Code section 241. Since January 2, 2018, it has not provided water service to the public. It therefore no longer meets the definition of a water utility under Public Utilities Code section 2701. It would thus be appropriate at this point to revoke the certificates of public convenience and necessity for any or all of Mid-Sierra Water Utility, Tahoe Cedars Water Company, and Madden Creek Water Company.

COMMENTS

This is an uncontested matter subject to the public notice comment exclusion provided in Public Utilities Code Section 311(g)(3).

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SAFETY

As this resolution pertains solely to the transfer of two utilities to TCPUD through a superior court proceeding, there are no related safety issues.

COMPLIANCE

There are no outstanding Commission orders requiring system improvements. The utilities have been filing annual reports as required.

FINDINGS

1. Madden Creek Water Company and Tahoe Cedars Water Company has been acquired by Tahoe City Public Utilities District in a Superior Court proceeding.
2. Madden Creek Water Company and Tahoe Cedars Water Company no longer provide water service to the public.
3. Madden Creek Water Company and Tahoe Cedars Water Company no longer meet the definition of Water Utilities as provided in Section 2701 of the Public Utilities Code.
4. Revocation of the Certificates of Public Convenience and Necessity of Madden Creek Water Company and Tahoe Cedars Water Company is reasonable.
5. Madden Creek Water Company and Tahoe Cedars Water Company should be removed from the list of water utilities regulated by this Commission.
6. Madden Creek Water Company's and Tahoe Cedars Water Company's tariff books and associated tariffs should be properly archived by the Commission.

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THEREFORE, IT IS ORDERED THAT:

1. Madden Creek Water Company's Certificate of Public Convenience and Necessity is revoked.
2. Tahoe Cedars Water Company's Certificate of Public Convenience and Necessity is revoked.
3. All Commission records of the Madden Creek Water Company and Tahoe Cedars Water Company shall be properly marked and disposed of or stored, as appropriate.

This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at the Public Utilities Commission of the State of California on April 26, 2018; the following Commissioners voting favorably thereon:

ALICE STEBBINS
Executive Director

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MADDEN CREEK AND TAHOE CEDARS WATER COMPANY SERVICE LIST

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