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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden Hills Sanitation Company (U438SWR) for Authority to Increase Rates Charged for Sewer Service by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014.

Application 11-08-019
(Filed August 26, 2011)

And Related Matter.

Investigation 12-03-008

ASSIGNED COMMISSIONER'S RULING FORMALIZING ELECTRONIC RULINGS OF FEBRUARY 22 AND MARCH 12, 2012

This ruling confirms my Assigned Commissioner's Rulings (ACR) served via electronic mail on February 22 and March 12, 2012. In the February 22, 2012 ACR, I issued a temporary restraining order requiring Golden Hills Sanitation Company (GHSC) to continue to operate and provide sewer service until such time as a receiver is assigned to operate the utility. In the March 12, 2012 ACR, I ordered the Commission's Legal Division to petition the Kern County Superior Court to appoint a receiver to operate GHSC. The February 22, 2012 ACR, which is Attachment A to this ruling, was ratified by the full Commission in Decision.12-03-025.

The March 12, 2012 ACR which is Attachment B to this ruling, will be subject to ratification by the full Commission at a future date.

IT IS SO RULED.

Dated March 16, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

ATTACHMENT A
February 22, 2012 Assigned Commissioner's Ruling
Served via Electronic Mail

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden Hills Sanitation Company (U438SWR) for Authority to Increase Rates Charged for Sewer Service by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014.

Application 11-08-019
(Filed August 26, 2011)

ASSIGNED COMMISSIONER'S RULING ISSUING A TEMPORARY RESTRAINING ORDER REQUIRING GOLDEN HILLS SANITATION COMPANY TO CONTINUE TO OPERATE UNTIL A RECEIVER IS ASSIGNED

1. Summary

I am issuing a temporary restraining order requiring Golden Hills Sanitation Company to continue to operate and provide sewer service until such time as a receiver is assigned to operate the utility. This temporary restraining order will be subject to ratification by the full Commission.

2. Background

On August 26, 2011, Golden Hills Sanitation Company (GHSC) filed Application (A.) 11-08-019, for Authority to Increase Rates Charged for Sewer Service by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014. On December 16, 2011, an assigned Administrative Law Judge (ALJ) ruling granted GHSC interim rates and required GHSC to request authorization to establish a memorandum account to track the difference between the interim rates and the final rates adopted by the Commission in this proceeding.

On February 16, 2012, GHSC filed a motion to stay its application. In particular, GHSC stated that since it has insufficient funds and personnel to

participate in the current proceeding, it is unable to proceed with its request at this time, and that it would inform the Commission if circumstances change and it is able to resume participation in the current proceeding.

On February 21, 2012, the GHSC sent a notice to its customers indicating “closure and cessation of sewer service effective February 29, 2012.”

3. Discussion

A utility regulated by the Commission must provide service pursuant to the requirements of Public Utilities (Pub. Util.) Code § 451.¹ The current owners and operators of GHSC may not abandon their responsibility to serve GHSC’s customers as required of each utility regulated by the Commission. Such abandonment of the utility will result in unacceptable health and safety risks to GHSC’s customers. To prevent these risks, the owners and operators of GHSC must continue to provide sewer service to GHSC’s customers until a receiver is appointed.

As discussed in Decision (D.) 06-05-040 and D.04-09-046, an individual assigned Commissioner or ALJ may issue a temporary restraining order to preserve the status quo.² As the assigned Commissioner, I issue this temporary

¹ In part, Pub. Util. Code § 451 states “Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil **Code**, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.”

² See D.06-05-040, Appendix A, at 7 “An individual assigned Commissioner or ALJ may issue a temporary restraining order or preliminary injunction in order to preserve the status quo, subject to its ratification or reversal by the full Commission. (See the California Constitution, Article XII, Section 2 [“Any commissioner as designated by the commission may hold a hearing or investigation or issue an order subject to commission approval.”]; see also Pub Util. Code § 310; *Systems Analysis and Integration, Inc. d/b/a*

restraining order to ensure that the service provided to GHSC customers continues uninterrupted. This temporary restraining order requires the owners and operators of GHSC to continue providing service to GHSC's customers until such time that a receiver is appointed. At a future date, the Commission as a whole will vote to ratify this ruling. The owners of GHSC must meet with the Commissions Division of Water and Audits to discuss a schedule for appointment of a receiver. If GHSC does not comply with this ruling, such violation of Public Utilities Code may result in assessment of fines or imprisonment.³

IT IS SO RULED.

Dated February 22, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

(END OF ATTACHMENT A)

Systems Integrated v. Southern California Edison Company, D.96-12-023, 69 CPUC2d 516, 522..."

³ See Pub. Util. Code §§ 2708, 2108, 2112, and 2113.

ATTACHMENT B
March 12, 2012 Assigned Commissioner's Ruling
Served via Electronic Mail

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Golden Hills Sanitation Company (U438SWR) for Authority to Increase Rates Charged for Sewer Service by \$148,076 or 120% in January 2012, \$148,076 or 54% in January 2013, and \$148,076 or 35% in January 2014.

Application 11-08-019
(Filed August 26, 2011)

And Related Matters.

Investigation 12-03-008

**ASSIGNED COMMISSIONER'S RULING ORDERING THE COMMISSION'S
LEGAL DIVISION TO PETITION THE KERN COUNTY SUPERIOR COURT TO
APPOINT A RECEIVER TO OPERATE GOLDEN HILLS SANITATION
COMPANY**

I order the Commission's Legal Division to petition the Kern County Superior Court (County Court) to appoint a receiver to operate Golden Hills Sanitation Company (GHSC). This ruling will be subject to ratification by the full Commission.⁴

On March 8, 2012, the Commission issued this Order Instituting Investigation/Order to Show Cause (OII/OSC) to determine whether it should begin proceedings for appointment of a receiver to operate GHSC. Pursuant to Public Utilities (Pub. Util.) Code § 855, the Commission must provide notice and hearing before its Legal Division may petition the county superior court where

⁴ Pursuant to Article 12 Section 2 of the California Constitution and Public Utilities Code § 310, a Commissioner may issue an order subject to commission approval.

the utility operates to appoint a receiver. In the current case, such notice has been provided with the issuance of the OII/OSC.

In its notice to customers, GHSC stated that it would no longer provide sewer service to its customers due to: 1) a lack of revenue based on authorized rates; and 2) that despite its best efforts, GHSC was unable to transfer its plant to another public or private entity to provide sewer service. Even though GHSC continues to operate the sewer system, it will not be able to pay for these vital health and safety services indefinitely. It will likely take a month or more for this OII/OSC to be processed and a decision adopted. Also, on March 6, 2012, the County Counsel for Kern County (County Counsel) sent a letter to me in support of passage of the OII/OSC. The County Counsel stated that the Commission's petitioning for appointment of a receiver is important to maintain health, safety, and reliable sewer service to the community of Golden Hills. For these reasons, it is imperative that the Commission acts as soon as possible to petition the County Court for receivership.

GHSC, Adrian Maaskant, and David Stegall, have stipulated to the appointment of a receiver. GHSC has agreed to waive hearings, though Maaskant and Stegall would still like hearings to be held in order for customers to have a voice in the determination of present and future rates as well as who is appointed as the receiver. Barbara Miller would like the parties to be provided with an appropriate venue to voice their concerns. I understand the parties concerns that the ratepayers be heard, but since: 1) the Commission hearings will be held only to discuss whether the Commissions Legal Division should petition the County Court for the appointment of a receiver and not to determine who the receiver should be; 2) rates will be addressed separately from the receivership issue; and 3) as GHSC, Maaskant and Stegall have stipulated to

receivership, it is appropriate to begin the process of petitioning the County Court as soon as possible. If parties are concerned with who is appointed receiver of GHSC, they may participate in the County Court proceeding, which is the proceeding in which the actual receiver will be appointed.

I therefore require the Commission's Legal Division to immediately petition the County Court to appoint a receiver to operate GHSC. At a future date, the Commission as a whole will vote to ratify this ruling.

In order to give parties a further opportunity to discuss the Commission's petitioning for appointment of a receiver, evidentiary hearings will be held on March 15, 2012 to discuss the Commission's process for the petitioning for receivership. Parties that wish to participate must do so in person. Stegall's concerns regarding rates will be addressed separately from the receivership issue.

IT IS SO RULED.

Dated March 12, 2012, at San Francisco, California.

/s/ MICHEL PETER FLORIO

Michel Peter Florio
Assigned Commissioner

(END OF ATTACHMENT B)