

Decision No. 55467**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 CITIZENS UTILITIES COMPANY OF)
 CALIFORNIA, a corporation, for author-)
 ity to increase its rates and charges) Application No. 38662
 for water service to Guerneville, Rio)
 Nido, Guerneville Park, Northwood and)
 Monte Rio and adjacent territory.)

In the Matter of the Application of)
 CITIZENS UTILITIES COMPANY OF)
 CALIFORNIA, a corporation, for author-) Application No. 38663
 ity to increase its rates and charges)
 for water service to the City of)
 North Sacramento and adjacent territory.)

Orrick, Dahlquist, Harrington & Sutcliffe,
 by Warren A. Palmer, for applicant;
 Hagginwood Improvement Association, by
C. E. Cox, Jr., protestant;
Edward Sarmento in propria persona; V. T.
Hitchcock, for Guerneville Fire Protection
 District, Monte Rio Fire Protection District,
 Russian River Region, Inc., Monte Rio
 Recreation District, Guerneville Chamber of
 Commerce and Russian River Recreation District
 No. 1, interested parties;
J. T. Phelps and H. H. Heidrick, for the
 Commission staff.

ORDER DENYING MOTION TO GRANT
INTERIM RATE INCREASE

The above-entitled applications were filed by Citizens Utilities Company of California on December 14, 1956. Amendments to each were filed on May 20, 1957. Public hearings in the matters were held before Commissioner C. Lyn Fox and Examiner F. Everett Emerson on June 5, 6 and 7, 1957, on which dates applicant made its affirmative presentations. Both proceedings were then adjourned until September, 1957, at which future times applicant's witnesses will be cross-examined and the Commission staff, as well as any other interested parties will make their presentations.

At the hearing in North Sacramento, applicant attempted orally to make a second amendment to its application concerning such district by which it sought approval of a rate schedule higher than that theretofore proposed. Primarily because acceptance of such an oral amendment would be tantamount to a denial of due notice to the public, applicant was directed to prepare and file a "Second Amendment to Application" concerning its new proposal and to serve copies of the same upon those served the original application and its first amendment, and to appearances of record. Such second amendment has not yet been filed.

At the hearing in Guerneville, on June 7, 1957, applicant made a motion that the Commission grant applicant interim rate relief pending determination of its entitlement to permanent rate increases after the adjourned hearings to be held in September. Specifically, applicant seeks the establishment of increased rates and charges effective July 1, 1957, in amounts sufficient to enable it to realize additional gross revenues of \$110,000 on its North Sacramento District and \$20,000 on its Guerneville District, both annualized.

In support of applicant's position respecting interim rate increases, applicant's counsel relied on the following allegations:

1. Under existing rates, earnings in the Guerneville District will be 2 per cent for the year 1957.
2. Under existing rates, earnings in the North Sacramento District will be 1.6 per cent for the year 1957.
3. Applicant will add \$120,000 to the North Sacramento plant and \$66,000 to the Guerneville plant during the year 1957.
4. Applicant's earnings, in the face of such capital expenditures and increased cost of capital in the utility industry as a whole, and the increased construction and operating costs confronting it, will become inadequate and confiscatory.


5. Immediate relief is required in order to obtain capital funds on a sound and reasonable term and to meet the demands of applicant's construction program.

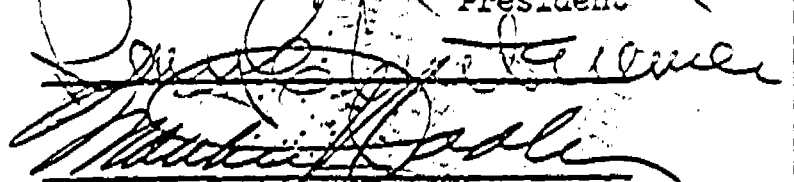
Proof that there exists a present emergency is a lawful condition precedent to the granting of an interim rate increase. Applicant is here asking for an interim rate increase based solely upon its own showing and before either full cross-examination of its witnesses or the showings by the Commission staff and interested parties have been made. Applicant's showing included no evidence respecting any present emergency situation. While it may well be that when all the evidence is in, applicant may have shown that it is entitled to some rate relief, there is in this record no showing that there now exists an emergency resulting from the financial position of the utility. Indeed, applicant's own showing indicates that in its over-all operations in 1956, its earnings were 5.8 per cent, that its telephone department earned 6.5 per cent and that its water department earned 4.8 per cent. Such evidence indicates neither a precarious financial condition nor other serious financial position which must be relieved now.

Good cause appearing therefor,

IT IS ORDERED that the motion of applicant for interim rate relief made in these proceedings is hereby denied.

Dated at San Francisco, California, this 18th day of JUNE, 1957.



President


Commissioner S. C. Linn, being necessarily absent, did not participate in the disposition of this proceeding.

Commissioners