

Decision 84 02 066**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the practices of Citizens Utilities Company of California, its operating districts and its subsidiaries, with regard to the transfer of real property rights and the management of its watershed resources.

OII 83-11-09
(Filed November 30, 1983)

And Related Matter.

Case 83-12-07
(Filed December 19, 1983)

INTERIM ORDER

This order is issued to clarify what review and analysis must be conducted before we proceed to hearing. Our investigation was started to address essentially four topics relating to the Citizens Utilities Company of California and all its operating districts and subsidiaries (which we will call collectively CUCC). First, whether CUCC has transferred any real property interests, including mineral and timber rights, (assets) without Commission approval in violation of Public Utilities Code § 851; second, what, if any, ratemaking adjustments are appropriate with respect to each CUCC entity subject to our jurisdiction; third, whether CUCC has prudently managed water sources in the best interests of its ratepayers; and, finally, whether common expenses among CUCC entities are being properly allocated for ratemaking and what, if any, orders should we make to ensure a reasonable allocation procedure is adopted and followed.

We think hearing time and the resources of our staff and other parties will be best channeled and organized by our listing what evidence, at a minimum, shall be developed before we go to hearing.

1. Analysis of Asset Transfers and Ratemaking Adjustment

A report on the asset transfers subject to this investigation shall be prepared by CUCC and our staff, broken down by particular CUCC district and/or subsidiary, covering, at a minimum, the following for each asset transferred:

- a. A summary description of the asset, in addition to the legal description, with information such as the size, nature of the asset, and any improvements.
- b. Whether the asset had ever been included in CUCC's rate base and, if so, over what period and the cumulative amount of return, applying the applicable authorized rate of return, realized by CUCC while the asset was in rate base.
- c. Whether the asset, if it had ever been included in rate base, was transferred without Commission authorization.
- d. Whether the asset, if it had ever been included in rate base, was no longer used and useful in connection with providing utility service when it was transferred.
- e. The book value of each asset, if it was ever included in rate base, when CUCC acquired it, the market value when it was transferred, the consideration received by CUCC upon the transfer, and what amount, if any, was reflected as a reduction to the particular CUCC plant account or rate base.
- f. The gross and net income for each asset realized by CUCC's affiliated company, Citizens Resources Company (CRC), listed year-by-year, from when CRC acquired the asset, to any subsequent transfer; income shall include any proceeds from rents, harvesting, or royalties and proceeds from any subsequent sale.
- g. A recommendation on what orders we should make in connection with each transferred asset, both with respect to title to the asset (e.g. should the transfer be voided), and any ratemaking treatment.

We will allow CUCC 90 days to submit this, and any other direct showing in connection with this investigation, in the form of fully prepared testimony. Our staff shall submit its prepared testimony and report on the asset transfers within 180 days from today.

2. Staff's Analysis of Common Expense Allocation

Staff shall submit the results of its analysis of common expense allocation, and any recommendations, within 180 days from today.

3. CUCC's Management of Water Sources

Staff, CUCC, and other parties shall submit, as prepared testimony, their analysis of CUCC's water source management in the Guerneville and Ferndale areas within 180 days from today.

4. Prehearing Conference

A prehearing conference will be held at 1 p.m. on Monday, March 26, 1984, in the Commission's Courtroom at 350 McAllister Street, San Francisco, to identify parties and determine the nature of their participation, and to set hearing dates.

5. Consolidation of Proceedings

Case 83-12-07, the complaint of Kathy Wyrick against CUCC et al., is consolidated with OII 83-11-09.

6. Extension of Time

On January 27, 1984 CUCC filed a motion for a two-week extension of time to make the compliance filing required by Ordering Paragraph 3 of OII 83-11-09, because some of its personnel preparing

the filing were extensively involved negotiating new division of revenue agreements for its telephone operation. The extension of time is granted.

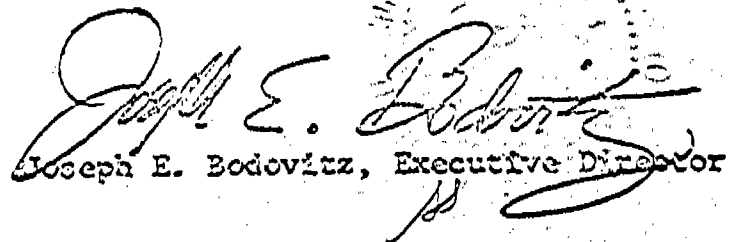
This order is effective today.

Dated FEB 16 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
FRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

Commissioner Victor Calvo,
being necessarily absent, did
not participate

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director

We will allow CUCC 90 days to submit this, and any other direct showing in connection with this investigation, in the form of fully prepared testimony. Our staff shall submit its prepared testimony and report on the asset transfers within 180 days from today.

2. Staff's Analysis of Common Expense Allocation

Staff shall submit the results of its analysis of common expense allocation, and any recommendations, within 180 days from today.

3. CUCC's Management of Water Sources

Staff, CUCC, and other parties shall submit, as prepared testimony, their analysis of CUCC's water source management in the Guerneville area within 180 days from today.

4. Prehearing Conference

^{2/6} A prehearing conference will be held at 1 p.m. on Tuesday, March 27, 1984 in the Commission's Courtroom at 350 McAllister Street, San Francisco, to identify parties and determine the nature of their participation, and to set hearing dates. KW

5. Consolidation of Proceedings

Case 83-12-07, the complaint of Kathy Wyrick against CUCC et al., is consolidated with OII 83-11-09.

6. Extension of Time

On January 27, 1984 CUCC filed a motion for a two-week extension of time to make the compliance filing required by Ordering Paragraph 3 of OII 83-11-09, because some of its personnel preparing