

ORIGINAL

Decision 84 06 093

JUN 6 1984

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, services, and financial practices of Tahoe Paradise Water Co.

OII 84-04-013 (Filed April 4, 1984)

Stanley Sevilla, Attorney at Law, for Tahoe Paradise Water Co., respondent. Sheldon Rosenthal, Attorney at Law, for The Commission staff.

O P I N I O N

On April 4, 1984 we issued an order which (1) instituted an investigation into the rates, service and financial practices of Tahoe Paradise Water Company (Tahoe Paradise), and (2) restrained and enjoined Tahoe Paradise from disbursing any funds for other than utility purposes until further order of this Commission.

Tahoe Paradise, a California public utility water corporation, serving in the Lake Tahoe area, is wholly owned by Louisiana Pacific Resources, Inc. (Louisiana Pacific). It had come to our attention that Louisiana Pacific may have been making extensive demands on the cash reserves of Tahoe Paradise. As a result, we became concerned that further demands of cash on Tahoe Paradise by its parent might render the utility incapable of meeting the normal business expenses of the utility. These expenses include such matters as salaries, power costs, and other necessities that are essential to the safe operation of a water utility serving over two thousand connections.

Customers of the utility pay in advance for their service. According to its filed tariff, the next billing cycle will not be until January 1985. Advance payments of this type are authorized in anticipation that the money will be used for valid utility purposes.

To assure that the money so collected would not be diverted to satisfy nonutility needs of Louisiana Pacific, we instituted this investigation of Tahoe Paradise, at the same time issuing a temporary order restraining Tahoe Paradise from disbursing money for other than utility purposes.

This investigation was taken under submission at the public hearing held in the matter on April 10, 1984, subject to the filing of a stipulation between counsel for Tahoe Paradise and counsel for the Commission staff relating to the minimum cash balances which the utility should maintain.

On May 2, 1984 staff counsel submitted to the assigned administrative law judge a written stipulation dated April 12, 1984, which memorializes the terms the counsel agreed upon as a condition precedent to lifting our temporary restraining order on the payment of funds by Tahoe Paradise to Louisiana Pacific.

The terms of the stipulation are as follows:

- "1) TAHOE PARADISE WATER CO. shall continue its present revenue accounting practices without change, except that a change from quarterly to monthly accounting shall be permissible;
- "2) TAHOE PARADISE WATER CO. shall maintain a cash and customer accounts receivable balance not less than the balance in the Company's Account No. 242, Deferred Credits;
- "3) TAHOE PARADISE WATER CO.'s cash and customer accounts receivable should not be less than \$10,000 any time to cover contingencies;
- "4) In the event that an unforeseen event pertaining to operations of TAHOE PARADISE WATER CO.'s water utility which involves an expenditure of \$5,000 or more should occur, TAHOE PARADISE WATER CO. shall notify the COMMISSION of such event in writing, and at that point in time shall retain sufficient cash on hand to cover such unforeseen event;

"5) The staff will recommend to the Administrative Law Judge and the PUBLIC UTILITIES COMMISSION that restraining order issued April 4, 1984 be withdrawn in reliance on TAHOE PARADISE WATER CO.'s performance of this stipulation, effective upon approval of this stipulation by the COMMISSION."

We have reviewed the stipulation in the light of the record of this proceeding, and we are of the opinion that the terms of the stipulation provide adequate assurance of the continued financial solvency of Tahoe Paradise, and that the public will thereby be assured of unimpaired water service from the utility.

Finding of Fact

The terms of the stipulation provide adequate assurance of the continued financial solvency of Tahoe Paradise.

Conclusions of Law

1. Tahoe Paradise should be ordered to comply with the terms of the stipulation.
2. The temporary restraining order should be lifted.
3. The order should be effective today to permit Tahoe Paradise to operate normally.

O R D E R

IT IS ORDERED that until further order of this Commission:

1. Tahoe Paradise Water Company shall operate in compliance with paragraphs 1, 2, 3, and 4 of the stipulation cited in the foregoing opinion.
2. The temporary restraining order imposed by OII 84-04-013 is lifted.
3. This proceeding is terminated.

This order is effective today.

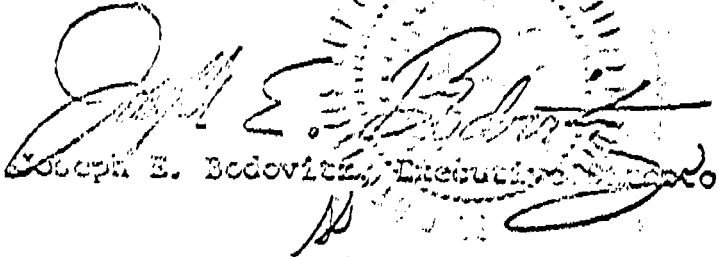
Dated June 6, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

Commissioner Priscilla C. Grew,
being necessarily absent, did not
participate.

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


Joseph E. Bodovick, Director

O R D E R

IT IS ORDERED that until further order of this Commission:
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1. Tahoe Paradise Water Company shall operate in compliance with paragraphs 1, 2, 3, and 4 of the stipulation cited in the foregoing opinion.

2. The temporary restraining order imposed by OII 84-04-013 is lifted.

3. This proceeding is terminated.

This order is effective today.

Dated JUN 6 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

Commissioner Priscilla C. Grow,
being necessarily absent, did
not participate