

Decision 89 04 061 APR 26 1989

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
FRANCIS LAND AND WATER COMPANY for)
authority to increase rates and)
charges for water service in Ferndale)
and vicinity, in Humboldt County.)

Application 60303
(Filed February 21, 1989)

APR 26 1989

John H. Engel, Attorney at Law, for Francis
Land and Water Company, applicant.
Carlos E. Benemann, for Ferndale Water Rate
Committee, intervenor.
Nick Tibbetts, for U.S. Congressman Douglas H.
Bosco, interested party.
Alberto Guerrero, Attorney at Law, for the
Water Utilities Branch.

FINAL OPINION

Decision (D.) 82-07-014, dated July 7, 1982, was an interim opinion and order authorizing an immediate general rate increase. It also ordered further hearings on the question of the reasonableness of applicant's rate base for test year 1982.

Pursuant to the interim order, hearings on test year 1982 rate base commenced on August 3, 1983, but were interrupted and postponed so that the parties could more effectively participate in the investigation on the Commission's own motion into the practices of Citizens Utilities Company of California, its operating divisions 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).

Hearings in Application (A.) 60303 have not been resumed and Francis Land and Water Company filed a general rate increase application (A.89-03-031) on March 21, 1989. Among the issues to

be determined in the application will be the reasonableness of applicant's rate base for test year 1989. ✓

As our determination of applicant's 1989 rate base will necessarily include consideration of all past capital additions and deletions, it is clear that further hearings on rate base in this application would be a duplication of effort to no practical purpose.

Comments

Pursuant to the Commission's Rules of Practice and Procedure, the proposed decision of the assigned administrative law judge for this proceeding was filed with the Commission and distributed to the parties on March 22, 1989.

Comments were filed by intervenor Ferndale Water Rate Committee, and applicant Francis Land and Water Company filed its reply to the comments. While no change in the proposed decision is warranted, a brief analysis of the two points raised by intervenor is appropriate.

First, intervenor mistakenly assumes that rates set in D.82-07-014 were interim or emergency rates since the opinion itself was denominated as "interim". If those rates are interim rates, intervenor argues that further hearings and briefing should precede their becoming final rates.

However, the revised rate schedules authorized in D.82-07-014 contained final rates not subject to refund, following extensive hearings and a briefing schedule in which ratepayers of the City of Ferndale participated.

The only issue remaining open in A.60303 is the opportunity and burden reserved to applicant to prove up its rate base to a higher level than that found reasonable in D.82-07-014 and thus, prospectively, to gain a further increment in revenues. Closing the instant proceeding simply recognizes that this opportunity and burden is an essential part of applicant's recently filed general rate case.

Second, intervenor is concerned that testimony and exhibits presented in this application may have to be reintroduced in the new proceeding and suggests that the Commission now order acceptance of evidence in A.60303 "in toto" into the new case.

The request is premature. If in the course of applicant's recently filed A.89-03-031 any party should desire to utilize any portion of the testimony and exhibits received in A.60303, a request to take official notice or incorporate portions of the record may be addressed to the assigned administrative law judge.

Findings of Fact

1. D.82-07-014 ordered further hearings on applicant's rate base for test year 1982.
2. Applicant has filed a general rate increase application based upon test year 1989. ✓
3. Determination of applicant's 1989 rate base will necessarily include all issues remaining open in A.60303.
4. Issues involving applicant's 1982 rate base in A.60303 are now redundant.

Conclusion of Law

Hearings on the question of reasonableness of rate base in this application should be discontinued.

FINAL ORDER

IT IS ORDERED that hearings on the question of reasonableness of rate base in this application are discontinued and the proceeding is closed.

This order is effective today.

Dated APR 26 1989, at San Francisco, California.

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners

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

Victor Weiss
Victor Weiss, Executive Director

JB

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Hearings in Application (A.) 60303 have not been resumed and Francis Land and Water Company filed a Notice of Intent (NOI) to File General Rate Increase Application (N.89-02-059) on February 6, 1989. Among the issues to be determined in the

application to follow the NOI will be the reasonableness of applicant's rate base for test year 1989.

As our determination of applicant's 1989 rate base will necessarily include consideration of all past capital additions and deletions, it is clear that further hearings on rate base in this application would be a duplication of effort to no practical purpose.

Findings of Fact

1. D.82-07-014 ordered further hearings on applicant's rate base for test year 1982.

2. Applicant will soon file a general rate increase application based upon test year 1989.

3. Determination of applicant's 1989 rate base will necessarily include all issues remaining open in A.60303.

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