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Decision 91-01-032 January 25, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
 Citizens Utilities Company of California (U87W) and Grove Water Service, Inc.)  
 for an Order authorizing Citizens Utilities Company of California to acquire  
 the water service and related facilities of Grove Water Service, Inc.

**ORIGINAL**

Application 90-09-047  
(Filed September 17, 1990)

OPINION

Summary

The applicants seek an order pursuant to California Public Utilities (PU) Code § 851 authorizing Citizens Utilities Company of California (CUCG) to acquire the water service and related facilities of Grove Water Service, Inc. (Grove). The reason for the acquisition is that Grove's current owner and operator is no longer able to operate the water system in a proper manner due to her health and other circumstances. The Commission finds that the application should be granted and that approval should be given on an expedited basis.

Discussion

CUCG, a duly organized and operating California corporation, is a wholly owned subsidiary of Citizens Utilities Company, a Delaware Corporation. Citizens has several water distribution districts in California, including the Sacramento District, which operates a public utility water system subject to Commission jurisdiction serving approximately 45,000 customers in the unincorporated communities, subdivisions, and adjacent areas generally known as Cordova, Rosemont, Parkway Estates, Sunrise, Lindale, Foothill Farms, Arlington Heights, El Camino Square, and Security Park area and the City of Isleton and vicinity in Sacramento and Placer Counties. The Grove system is approximately

10 miles from Isleton, the nearest point in Citizens' Sacramento District.

Grove owns and operates a Class "D" public utility water system serving approximately 150 metered and flat rate customers in the town of Walnut Grove and vicinity in Sacramento County. Grove's water system consists principally of two wells and a distribution system. Grove's owner and operator is no longer able to operate the water system in a manner consistent with California law and the rules and standards of this Commission due to her health and other circumstances.

In their application, CUCC and Grove seek an order authorizing CUCC to purchase Grove's public utility water system and related facilities. A copy of the purchase agreement, which includes a description of Grove's assets, is attached to the application as Exhibit C and incorporated therein. Issuance of the requested order will enable CUCC to acquire the Grove water system to prevent possible interruption in service. The application proposes to charge Grove's customers for service in accordance with CUCC's tariff sheets on file for its adjacent Sacramento District and to have the Commission henceforth treat the Grove system as part of CUCC's Sacramento District for ratemaking and other regulatory purposes.

The Commission's Water Utilities Branch (Branch) performed an investigation into the application, and filed a report thereon on November 27, 1990. The Branch recommends that, if CUCC accepts its report and stipulates to retaining Grove's present rates until a decision is issued in the next General Rate Case (GRC) for CUCC's Sacramento District, the application be approved on an ex parte basis. Decision 90-08-045 regarding the Regulatory Lag Plan for water utilities allows CUCC to file its next GRC for its Sacramento district in July 1991. By letter dated November 29, 1990, CUCC, through its attorney, stipulated its acceptance of the report, including the recommendation regarding rates. The report

further recommends that the application be approved on an expedited basis.

Findings of Fact

1. This application requests authority to sell property of Grove which is necessary and useful in the performance of its duties to the public, and to transfer its franchise to CUCC.

2. CUCC is a public utility subject to Commission jurisdiction with several water distribution districts in California.

3. CUCC's Sacramento District operates a public utility water system serving approximately 45,000 customers in Sacramento and Placer Counties.

4. Grove owns and operates a Class "D" public utility water system serving approximately 150 metered and flat rate customers in the town of Walnut Grove and vicinity in Sacramento County.

5. Grove's water system consists principally of two wells and a distribution system.

6. Grove's owner and operator is no longer able to operate the water system in a manner consistent with California law and the rules and standards of this Commission due to her health and other circumstances.

7. Granting the application will prevent possible interruption of service to Grove's customers.

8. CUCC is allowed to file an application for a General Rate Case for its Sacramento District in July 1991.

9. The long term interests of the ratepayers would best be served if CUCC retains Grove's present rates for Grove's current service area pending CUCC's next General Rate Case Decision for its Sacramento District.

10. The revenue, expense, and rate base of the former Grove Service territory should be determined in the rate proceeding for CUCC's Sacramento District.

11. Granting this application is in the public interest.

Conclusions of Law

1. The Commission should grant the authority sought in the application herein, subject to the conditions stated in the following Order.
2. The application should be granted ex parte.
3. The application should be granted on an expedited basis, due to the health and other circumstances of Grove's present owner.

O R D E R

IT IS ORDERED that:

1. Citizens Utilities Company of California (CUCC) is authorized to acquire, and Grove Water Service, Inc. (Grove) is authorized to sell and to transfer the water service and related facilities of Grove as of the effective date of this order.
2. As a condition of this grant of authority, CUCC shall assume the public utility obligations of Grove and liability for refunds of all existing customer deposits, and shall notify the affected customers.
3. Within 10 days after transfer, CUCC shall write to the Commission, stating the date of the transfer and the date the requirements of paragraph 2 were completed.
4. CUCC shall either file a statement adopting Grove's tariffs or refile those tariffs under its own name as prescribed in General Order Series 96. Rates shall not be increased unless authorized by this Commission.
5. Before the transfer occurs, Grove shall deliver to CUCC, and CUCC shall keep, all records of the construction and operation of the water system.
6. Within 90 days after actual transfer, CUCC shall file, in proper form, an annual report on Grove's operations from the first day of the current year through the date of the transfer.

7. CUCC shall record the figures determined by the provisions in paragraph 4 of Exhibit C to the application in its books of account and in the Annual Reports it files with this Commission.

8. CUCC shall treat the Grove system as part of CUCC's Sacramento District for ratemaking and other regulatory purposes.

This order is effective today.

Dated January 25, 1991, at San Francisco, California.

PATRICIA M. ECKERT  
President  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

  
NEAL J. SHULMAN, Executive Director