

Settlement Near ^{5/7/80} In 3 Rate Case Issues

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L-V Editor

HARRISBURG — Citizens Utilities Co. and the Public Utility Commission (PUC) are preparing settlement petitions for three of the five issues in the firm's rate case.

A hearing scheduled for Friday was cancelled due to the near settlement.

Two other issues of the case, in which the firm is proposing a \$204,000 rate increase, will be litigated, according to Gilbert L. Hamberg, assistant counsel for the PUC.

Issues which are close to being settled are plant valuation or assets;

rate structure, which determines which customers will pay for the increase; and revenue and expenditures of the plant.

Settlement petitions will be submitted to Administrative Law Judge Martin R. Fountain, who will make a determination, Hamberg explained. That decision will then be sent to the PUC for approval.

The two remaining issues deal directly with the amount of the proposed increase and include income taxes and rate of return. Negotiations on these items will be held in the next few weeks, but it is "unlikely" they will be settled before the next two scheduled hearings on May 15 and 16, Hamberg observed.

An expert on income tax calculations and rate of return is scheduled to testify at those hearings, Al Cypher, general manager of Citizens Utilities, noted.

A big difference between both sides is the method of calculating income tax, Cypher explained.

"The PUC is driving the company to less of an equity allowed, which means there is less of a return," he continued. "That has some bearing on the net increase the Commission would want to allow."

Cypher said he feels the issues will be settled at the hearings scheduled for later this month.

"We have a damn good chance of settling it on May 15 or 16. I think the administrative law judge could and will make a decision. They (PUC) want this thing settled—just as we do. They don't want it to drag on because it costs money."

The PUC asked Citizens' parent company to make a settlement offer on the proposed increase. Company officials declined saying they "didn't have a settlement figure in mind," and preferred the PUC make one first, Cypher explained.

Hearing Held On Proposed Rate Hike ^{5/21/80}

HARRISBURG—Another hearing on Citizen Utilities of Pennsylvania proposed \$204,000 rate increase was held May 15 here. A hearing scheduled for May 16 was cancelled.

The May 16 hearing was cancelled since matters scheduled to be heard were completed at the May 15 hearing, Gilbert Hamberg, assistant counsel for the Public Utility Commission (PUC), said.

Dr. George A. Christy, a professor of a university in Texas, testified on rate of return at the May 15 hearing. He was cross-examined by Hamberg.

The issue of income taxes is expected to be heard in the next and final series of scheduled hearing in the case, Hamberg indicated. Those hearings are slated for June 9, 10, and 11.

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