

STATE OF VERMONT  
PUBLIC SERVICE BOARD

Docket No. 6079

Amended Petition of Citizens Utilities )  
Company, a Delaware Corporation, or )  
Authorization and Approval Pursuant to )  
30 V.S.A. Section 108 To Guarantee the )  
Issuance of up to \$294,500,000 of Revenue )  
Bonds, and to Issue up to \$1,000,000,000 )  
of Securities )

Order entered: 4/21/99

**INTRODUCTION**

On February 17, 1999, Citizens Utilities Company ("Citizens") submitted a petition in the above-captioned matter ("February 17 Petition") seeking to amend an Order entered on May 12, 1998 ("May 12 Order") by the Public Service Board (the "Board") under 30 V.S.A. § 108(a) which authorized Citizens to: (1) guarantee the issuance of up to \$294,500,000 of revenue bonds by various governmental issuers; and (2) issue certain securities -- notes, long term debt, and common and preferred stock -- up to an overall limitation at any one time of \$1,000,000,000. The February 17 Petition sought to amend the May 12 Order by authorizing Citizens to issue up to \$1,000,000,000 of assumption of obligations and liabilities as guarantor of financial obligations of its subsidiaries during a period of authorization ending on March 31, 2000, subject to a total limitation on the amount of securities approved in this docket of \$1,000,000,000. The February 17 Petition was supported by a letter by Charles J. Weiss, Secretary and Assistant Vice-President of Citizens, to the Federal Energy Regulatory Commission ("FERC") dated February 16, 1999, requesting that an April 3, 1998, FERC authorization to issue securities be similarly amended.

Citizens and the Vermont Department of Public Service (the "DPS") filed a Stipulation in which they agreed that an amendment by the Board to the May 12 Order as requested in the February 17 Petition and in the February 16, 1999, letter to FERC is consistent with the general good of the State of Vermont.

The Stipulation also sets forth the agreement of the parties that there is no genuine issue as to any material fact. The parties have waived their right to a hearing.<sup>1</sup>

#### **FINDINGS OF FACT**

1. Citizens is a Delaware corporation, authorized to do business in Vermont. It is also qualified and does business, itself or through its subsidiaries, in more than 25 states. Citizens conducts electric operations in Vermont. Petition at 1.

2. In its May 12 Order, the Board authorized Citizens, among other things, to issue securities in an amount not to exceed \$1,000,000,000, as described in a February 24, 1998, application filed at the Federal Energy Regulatory Commission ("FERC"), which was approved by FERC letter order on April 3, 1998. February 17 Petition at 1; Exhibits A and B.

3. As of February 16, 1999, Citizens had no outstanding securities issued under the authorization. Citizens has determined that the issuance of securities at the subsidiary level, with a parent company guarantee, offers an attractive additional alternative to those permitted by the current authorization. February 17 Petition at 1; Exhibit C.

4. Consequently, on February 16, 1999, Citizens submitted a letter to FERC requesting that FERC's April 3, 1998, Letter Order be amended to authorize Citizens to issue up to \$1,000,000,000 assumption of obligations and liabilities as guarantor of financial obligations of its subsidiaries during a period of authorization commencing on the date of the amended FERC letter order and ending on March 31, 2000. Citizens also asked that the authorization be amended to state that the total amount of securities approved to be issued shall be limited to \$1,000,000,000. February 17 Petition at 1; Exhibit C.

#### **DISCUSSION**

I recommend that the proposed amendment, to the Boards Order of May 12, 1998, authorizing Citizens to issue up to \$1,000,000,000 for assumption of obligations and liabilities as guarantor of financial obligations of its subsidiaries during a period of authorization commencing on the date of the FERC amended letter order and ending on March 31, 2000, subject to a total limitation of \$1,000,000,000 on the amount of securities recommended for approval in this docket should be approved by the Board as consistent with the general good of the State of Vermont and that the Board should conclude that it

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1. The statute does not require a hearing, but rather the opportunity for a hearing. 30 V.S.A. § 108.

will not have an adverse effect on Vermont ratepayers. I also recommend that this matter be decided without hearing pursuant to Board Rule 2.219 and that the Stipulation between Citizens and the DPS be accepted.

The foregoing is hereby reported to the Public Service Board in accordance with the provisions of 30 V.S.A. § 8.

All parties to this proceeding have waived the opportunity to comment on this Proposal for Decision in accordance with 3 V.S.A. § 811.

DATED at Montpelier, Vermont, this 19th day of April, 1999.

s/ Ennis John Gidney  
Hearing Officer  
Ennis John Gidney

**ORDER**

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. The findings, conclusions and recommendations of the Hearing Officer are adopted.
2. The Stipulation between Citizens Utilities Company and the Vermont Department of Public Service is accepted.
3. The Board's May 5, 1998, Order is amended to authorize Citizens Utilities Company to issue up to \$1,000,000,000 of assumption of obligations and liabilities as guarantor of financial obligations of its subsidiaries during a period of authorization commencing on the date of the FERC amended letter order and ending on March 31, 2000, subject to a total limitation on the amount of securities authorized in this docket of \$1,000,000,000.
4. The Board makes no ruling on the question of jurisdiction.
5. This Order does not constitute approval of any particular capital or operating expenditure nor the underlying capital structure that Citizens Utilities Company may implement as a result of this financing.

Dated at Montpelier, Vermont, this 21<sup>st</sup> day of April, 1999.

<u>s/ Michael H. Dworkin</u>	)	
	)	PUBLIC SERVICE
	)	
<u>s/ Suzanne D. Rude</u>	)	BOARD
	)	
	)	OF VERMONT
<u>s/ David C. Coen</u>	)	

OFFICE OF THE CLERK

Filed: April 21, 1999

Attest: s/ Cynthia G. Buska  
Acting Clerk of the Board

*NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board of any technical errors, in order that any necessary corrections may be made.*

*Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further Order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and order.*