

Decision No. 37993

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of
CALIFORNIA-PACIFIC UTILITIES COMPANY,

for an order authorizing it (a) to dispose of three Diesel engine generators and appurtenant equipment, and (b) to use Accounts Nos. 141 (Extraordinary Property Losses) and 506 (Property Losses Chargeable to Operations) of the Uniform Systems of Accounts.

ORIGINAL

Application
No. 26004

BY THE COMMISSION:

FIRST SUPPLEMENTAL OPINION

The Commission by Decision No. 36945, dated March 21, 1944, authorized California-Pacific Utilities Company to sell two 240 H.P. and one 360 H.P. Diesel generating units and appurtenant equipment. Because of the flood conditions to which reference is made in said decision, applicant found it necessary to construct at a higher elevation a new building and move to such building two of its five Diesel generating units, its Butane fuel tank, its gas making equipment and its step-down transformer sub-station. At the hearing had on the above-numbered application, applicant estimated its net loss because of the sale and the moving of its properties at \$120,143.47. In a supplemental petition filed on February 23, 1945, applicant

reports that it has completed the moving and reconstruction of its properties and that its net loss amounts to \$97,092.41, determined as follows:

Cost of property retired and transferred as at December 31, 1944		\$294,077.36
Deduct property transferred to other utility systems operated by applicant outside of Needles		<u>36,372.61</u>
Cost of property retired		\$257,704.75
Add removal costs		<u>20,575.43</u>
		\$278,280.18
Deduct:		
Salvage value	\$87,491.83	
Accrued depreciation	<u>88,010.83</u>	<u>175,502.66</u>
Net loss from retirement of property		\$102,777.52
Tax saving from above loss		<u>5,685.11</u>
Net amount charged to Account No. 141 (Extraordinary Property Losses)		\$ 97,092.41

Instead of selling two of the Diesel generating units, applicant moved the same to Winnemucca, Nevada, where it owns and operates electric utility properties.

An examination of applicant's records indicates that it has properly accounted for the retirement, for the cost of removal of property, for salvage, and for charges to its depreciation reserve. Applicant asks permission to charge the \$97,092.41 to Account 141, Extraordinary Property Losses, and amortize it over a period of five years by equal annual charges to Account 506, Property Losses Chargeable to Operations. We have no objection to this procedure. It should, however, be understood that if applicant recovers any damages because of the flood conditions that made the removal of its property necessary, it should apply such damages to the reduction of the \$97,092.41.

FIRST SUPPLEMENTAL ORDER

The Commission has considered applicant's request and believes that such request should be granted subject to the provisions of this order, therefore,

IT IS HEREBY ORDERED that California-Pacific Utilities Company may charge said \$97,092.41 to Account 141, Extraordinary Property Losses, and amortize said amount by equal annual charges, over a period of five years following the effective date of this order, to Account 506, Property Losses Chargeable to Operations, provided said \$97,092.41 and said annual amortization charges are reduced by the amount of any damages recovered by applicant because of the flood conditions that made necessary the removal and reconstruction of the properties to which reference is made in this application.

IT IS HEREBY FURTHER ORDERED that the authority herein granted is effective upon the date hereof.

Dated at San Francisco, California, this 19th day of June, 1945.

Edward Anderson
Justus J. Casper
Richard Kachse
Francis Cook
Irving H. Lowell
Commissioners