

Decision No. 45438**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )  
 SOUTHERN CALIFORNIA GAS COMPANY )  
 for a general increase in gas rates ) Application No. 30299  
 under Section 63(a) of the Public )  
 Utilities Act. )

FOURTH SUPPLEMENTAL ORDER

By Decision No. 44741 in Application No. 30299, this Commission approved the provision of a "Memorandum of Understanding Relative to Depreciation Practices." By the terms of such Memorandum the balance in the depreciation reserve of the Southern California Gas Company, as of December 31, 1949, was adjusted from approximately \$79,960,000 to approximately \$61,018,000 through the transfer of \$3,000,000 to surplus account, the charge of \$3,942,000 to the reserve to reflect the retirement of its Aliso gas plant, and through the transfer of \$12,000,000 from the depreciation reserve account to other accounts. By the Third Supplemental Order (Decision No. 44850) in the above-entitled proceeding, Journal Entries Nos. 1 to 9 carry out the provisions of said Memorandum of Agreement were approved.

Subsequent to the issuance of said Third Supplemental Order, Southern California Gas Company applied to the Federal Power Commission for approval of the transfers described herein. In its orders of February 12, 1951, and March 5, 1951, the Federal Power Commission has generally approved the changes, but has provided for certain exceptions as follows:

1. The discount on capital stock in the amount of \$1,588,687.45 to be charged directly to surplus rather than as a part of the \$12,000,000 transferred from the depreciation reserve.

2. At applicant's request, the amount of \$3,200,000, previously included as a separate subdivision of the depreciation reserve for the write-off of gas plant acquisitions, is to be transferred to a subdivision of Account 258, other reserves, for the write-off of gas plant acquisition adjustments and/or gas plant adjustments, and in addition the sum of \$1,588,687.45 is to be so transferred, making an aggregate amount of \$4,788,687.45.

3. Capital stock expense in the amount of \$15,510 and intangible capital items in the amount of \$1,267,351.48 to be restored to Account 151 and Account 100, respectively, and a separate reserve will be provided as a subdivision of Account 258 in the amount of \$1,282,861.48 for future disposition of such items.

The purpose of these changes is to provide for the write-off directly to surplus of the discount on capital stock and to provide reserves for gas plant acquisition adjustments and write-off of intangible capital and capital stock expense when these adjustments have been approved by the Federal Power Commission.

Six Journal Entries, Nos. 10 to 15 inclusive, are attached to applicant's request of March 5, 1951 to carry out these modifications as provided in the orders of the Federal Power Commission.

It appearing to this Commission that these modifications are not unreasonable, therefore,

IT IS HEREBY ORDERED that applicant be and it is hereby authorized and directed to enter and record said Journal Entries Nos. 10 to 15 inclusive, on its books of account.

The effective date of this order shall be the date hereof.

Dated at San Francisco, California, this 9<sup>th</sup> day of March 1951.

J. F. Cramer  
Harold H. Kule  
John E. McNeill

Commissioners.