

ORIGINAL

Decision No. 50374

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)	
THE CALIFORNIA OREGON POWER COMPANY	:	Application
for an order authorizing the account-)	No. 35154
ing procedure to be followed with respect	:	(First Supplemental)
to amortization of certain facilities.)	
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FIRST SUPPLEMENTAL OPINION AND ORDER

By Decision No. 50049, dated May 18, 1954, the Commission authorized The California Oregon Power Company to follow certain accounting procedures it proposed with respect to deferment of taxes on income arising from accelerated amortization of certificated defense facilities.

Applicant also operates in the State of Oregon, is subject to the jurisdiction of the Public Utilities Commissioner of Oregon and has received from the Oregon Commissioner an order in connection with the accounting treatment to be followed in respect to the deferment of taxes on income arising from the accelerated amortization of certificated defense facilities, which order differs in some respects from the order issued by this Commission. It appears that the Oregon Commissioner authorized applicant, after the accelerated amortization has been completed, to write-off the accumulated tax deferment monthly at the rate of 1/12th of 1/25th of the total tax deferment whereas this Commission permitted the annual write-off of an amount equal to the tax increase which will result from the fact that in the years following the accelerated amortization period normal depreciation on the defense facilities cannot be deducted for tax purposes because of the previous amortization.

By its first supplemental application applicant has requested that paragraph (d) 1 of the first ordering paragraph of this Commission's Decision No. 50049 be amended so as to conform with the provisions of the order of the Public Utilities Commissioner of Oregon.

The Commission has considered applicant's request and will issue an order approving the amendment requested; therefore,

IT IS HEREBY ORDERED as follows:

1. Paragraph (d) 1 of the first ordering paragraph of Decision No. 50049, dated May 18, 1954, which now reads as follows:

"1. To charge Reserve for Deferred Taxes and credit Account 507-4, Portion of Current Taxes Deferred in Prior Years (a subaccount under Account 507, Taxes) an amount for each year equal to the increase in federal income and California Bank and Corporation Franchise taxes payable for that year due to the fact that normal depreciation cannot be deducted because of previous amortization of the property under the necessity certificate."

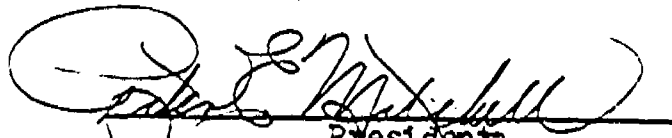
shall be changed to read as follows:

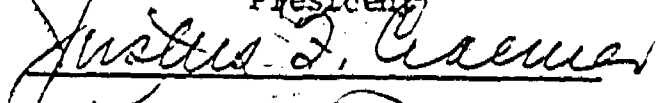
"1. To charge Reserve for Deferred Taxes and credit Account 507-4, Portion of Current Taxes Deferred in Prior Years (a subaccount under Account 507, Taxes) monthly with 1/12th of 1/25th of the amount accumulated in Account 258-2, Reserve for Deferred Taxes, until such account is extinguished."

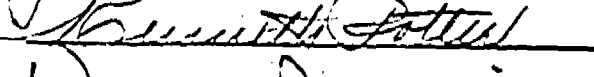
2. In all other respects the provisions of said Decision No. 50049 shall remain unchanged.

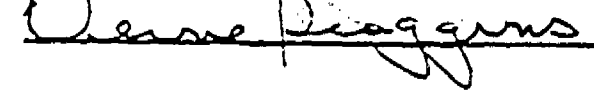
3. This first supplemental opinion and order will become effective on the date hereof.

Dated at San Francisco, California, this th 10 day of August, 1954.



President






Commissioners