

**ORIGINAL**Decision No. 51219

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of )	Application No. 34958
CALIFORNIA ELECTRIC POWER COMPANY )	(1st Supplemental)
for Increase of Rates. )	

FIRST SUPPLEMENTAL OPINION AND ORDER

By this Commission's Decision No. 50909, issued December 28, 1954, California Electric Power Company was authorized to increase its rates and charges for electric service effective January 22, 1954. The electric rates authorized were based upon a composite federal income tax rate of 52 per cent and the order provides that the utility, unless otherwise ordered, shall refile its tariffs, effective April 1, 1955, reducing the increased rates by 3.07 per cent in order to reflect a decrease in the federal income tax rate effective the same date, in accordance with present law. Our opinion in said decision stated that the utility might, by supplemental application, request that such 3.07 per cent reduction not be put into effect and that the higher level of rates be continued, subject to refund should it appear that the present tax rate will be continued.

Applicant has filed its first supplemental application seeking an order rescinding that portion of Decision No. 50909 pertaining to the reduction in electric rates and seeking continuation of presently effective tariffs subject to refund in the event that the present federal income tax rate applicable to all or any portion of the calendar year 1955 is in fact reduced.

In our opinion applicant's proposal is fair and reasonable to it and the public alike. By continuing the present rates subject to refund, the utility will not be denied any portion of the revenues

to which it is lawfully entitled to cover federal income taxes and the ratepayer will be assured that he will have contributed no more than his just share of such expense. Being of the opinion that the requests of applicant should be granted and that a public hearing thereon is not necessary,

IT IS HEREBY ORDERED that Decision No. 50909 is modified as follows:

A. Delete the existing wording of ordering paragraph 4 and substitute the following:

"4. In the event that the applicable federal income tax rate for any portion of the calendar year 1955 following March 31, 1955, shall be less than a composite rate of 52 per cent, applicant shall, within thirty days thereafter, refile its tariff schedules, excluding Schedules A-4, A-5, D-1, H-1, P-1-C, P-1-D and R, appropriately reflecting the lower revenue requirements corresponding to such lesser tax rate."

B. Add the following ordering paragraph:

"5. Any overcollections which may result from the application of paragraph 4, above, shall be refunded to customers in accordance with an appropriate refund plan hereafter to be submitted for approval of this Commission."

In all other respects Decision No. 50909, issued December 28, 1954, shall remain in full force and effect.

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

Dated at San Francisco, California, this 15<sup>th</sup> day of March, 1955.

[Signature]  
President  
[Signature]  
[Signature]  
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Commissioners