

ORIGINAL

Decision No. 57945

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
THE CALIFORNIA OREGON POWER COMPANY)
for an order authorizing the)
accounting procedure to be followed)
with respect to amortization of)
certain facilities.)

Application No. 35154
(Second Supplemental)

SECOND SUPPLEMENTAL ORDER

WHEREAS, The California Oregon Power Company heretofore acquired Necessity Certificate No. TA 18125 from the Defense Production Authority for the construction of certain of its North Umpqua properties and connecting facilities, all located in the State of Oregon, and for the amortization of a portion of the cost over a period of five years; and,

WHEREAS, the Public Utility Commissioner of Oregon and the Public Utilities Commission of the State of California have authorized applicant, among other things, to establish a reserve for deferred taxes, through charges to income, to receive the amounts of the reductions in federal and state income taxes during the five-year amortization period and to write off such reserve, after this accelerated amortization period has been completed or discontinued, by credits to income over a 25-year period, the California authorization having been given by Decision No. 50049, dated May 18, 1954, as amended by Decision No. 50374, dated August 10, 1954; and,

WHEREAS, applicant now reports that it has obtained Necessity Certificate No. TA 31080 covering the construction, all within the State of Oregon, of its Big Bend hydroelectric plant and its Transmission Line No. 59, at a total estimated cost of \$15,085,000, of which an estimated amount of \$9,053,000 has been authorized for accelerated amortization; and,

WHEREAS, applicant now requests the Commission to make its order (1) authorizing it to record on its books the amount of taxes deferred by reason of the use of the Big Bend necessity certificate in accordance with the accounting procedure heretofore authorized by the Commission and (2) modifying its former authorization so as to eliminate the 25-year provision for the draw down of the reserve for deferred taxes and, instead, to permit the draw down, by credits to income, after the five-year amortization period has terminated, of annual amounts equal to the increases in taxes on income which will result each year from the fact that the depreciation on the emergency facilities no longer can be deducted; and,

WHEREAS, the Public Utility Commissioner of Oregon, by his order dated January 9, 1959, has approved applicant's requests;

NOW THEREFORE, good cause appearing,

IT IS HEREBY ORDERED as follows:

1. Paragraph (d) 1 of the first Ordering Paragraph of Decision No. 50049, dated May 18, 1954, as amended by the first Ordering Paragraph of Decision No. 50374, dated August 10, 1954, reading 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."

hereby is amended, effective as of January 1, 1958, 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) 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."

2. The California Oregon Power Company may record and account for taxes deferred by reason of the use of its Big Bend Necessity Certificate No. TA 31080 in accordance with the accounting procedure authorized in Decision No. 50049, dated May 18, 1954, as originally issued with respect to taxes deferred under applicant's Necessity Certificate No. TA 18125.

Dated at San Francisco, California, this 3rd day of February, 1959.

[Signature]
President
[Signature]
[Signature]
[Signature]
Commissioners