

Decision No. 57951**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

|  |                       |
|--|-----------------------|
| In the matter of the application of )  |                       |
| ROYAL OAKS WATER COMPANY, a corpora- ) |                       |
| tion, for authority to increase its )  |                       |
| rates and charges for its water )      | Application No. 39838 |
| system serving the unincorporated )    | (First Supplemental)  |
| area known as Foothill Farms, )        |                       |
| Sacramento County. )                   |                       |

FIRST SUPPLEMENTAL OPINION AND ORDER

By supplemental application filed January 9, 1959, in the above-entitled matter, Royal Oaks Water Company seeks an order modifying paragraph 2 of the order in Decision No. 57417, dated September 29, 1958. By the said paragraph applicant was required to apply to the Internal Revenue Service of the United States Treasury Department for permission to change the method of accounting for depreciation of its properties from the sum-of-the-years digits method to the straight-line method for the calendar year 1958 and subsequent years for plant on which it has claimed accelerated depreciation on the sum-of-the-years digits method in the years since its acquisition by the present owners in 1957, and to notify this Commission with respect thereto no later than January 10, 1959.

Applicant refers to Section 1.446-1(e)(3) of Treasury Regulations and states that such regulations do not permit such a change-over in the method of depreciation accounting in the tax returns of any given year unless application for the change-over be made within the first ninety days of that year. Thus, the earliest tax return in which the change-over may be reflected is the tax return for the year 1959, and application for such change-over must be made between January 1 and March 31, 1959.

Therefore, good cause appearing,

IT IS HEREBY ORDERED that paragraph 2 of the order in Decision No. 57417 shall be modified to read as follows:

"2. If applicant files an appropriate application with the Commissioner of Internal Revenue, requesting permission to change the method of accounting for depreciation of its properties from the sum-of-the-years digits method to the straight-line method for the calendar year 1959 and subsequent years for plant on which it has claimed accelerated depreciation on the sum-of-the-years digits method in years since its acquisition by the present owners in 1957, applicant shall inform the Commission in writing when such filing has been made within ten days thereafter. Also, applicant shall inform this Commission in writing within ten days thereafter in the event such permission is given by the Commissioner of Internal Revenue, including all pertinent details pertaining to the action taken by the Commissioner. In the event that such permission is refused or has not been granted by April 15, 1959, applicant shall so inform this Commission in writing within ten days after such refusal and in no event later than April 25, 1959, stating what steps have been taken by applicant and the reasons given for any denial of the application made to the Commissioner of Internal Revenue."

IT IS HEREBY FURTHER ORDERED that Decision No. 57417, dated September 29, 1958, shall remain in full force and effect except as modified by this First Supplemental Order.

The Secretary of the Commission is directed to cause a copy of this decision to be mailed to each appearance of record in this proceeding.

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

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

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