

ORIGINAL

Decision No. 68534

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation)
 on the Commission's Own Motion of)
 the Adoption of the Amendments to)
 the Uniform System of Accounts for)
 Telephone Companies prescribed by)
 the Federal Communications)
 Commission.)

Case No. 4923

SEVENTH SUPPLEMENTAL ORDER

By Decision No. 67822, dated September 15, 1964, being the Sixth Supplemental Order in the above-entitled matter, this Commission adopted and prescribed for Class A and Class B telephone companies under its jurisdiction the Amendment identified in Transmittal Sheet No. VIII-4 relating to Part 31 of the Rules and Regulations of the Federal Communications Commission.

Under date of April 29, 1964, the Federal Communications Commission adopted amendments to the Uniform System of Accounts for Class A and Class B Telephone Companies in connection with the accounting for investment tax credits, in order to provide for deferred accounting for such credits. These amendments are identified in Transmittal Sheet No. VIII-5 relating to Part 31 of the Rules and Regulations of the Federal Communications Commission. However, this Commission, in keeping with its adherence to the principle of immediate flow-through of all tax savings, has not adopted the Federal Communications Commission accounting for investment tax credits.

Under date of September 9, 1964, the Federal Communications Commission further amended its prescribed Uniform System of Accounts for Class A and Class B Telephone Companies to permit advance accruals, by charge to operating expense Account 672, Relief and Pensions, of provisions for the payment of benefits to active and retired employees in addition to those now permitted. This Amendment is identified in Transmittal Sheet No. VIII-6 in that portion thereof relating to Part 31 of the Rules and Regulations of the Federal Communications Commission.

Some of the telephone companies in California operate under the jurisdiction of this Commission and also of the Federal Communications Commission, being engaged in both interstate and intrastate commerce. In order to simplify the accounting and reporting requirements imposed on these telephone companies and also to coordinate the accounting requirements prescribed by this Commission with those imposed by the Federal Communications Commission, we find said Amendment relating to accrual of certain employee benefits to be desirable and in the public interest. On the basis of these findings, we conclude that this Commission should adopt and prescribe said Amendment. We do not find it to be desirable, however, or consistent with the flow-through policy of this Commission, to adopt and prescribe the Amendment relating to deferred accounting for investment tax credits, and conclude that such Amendment, identified in Transmittal Sheet No. VIII-5 should not be adopted. A public hearing is not necessary.

IT IS ORDERED that:

1. The accounting treatment to be accorded to investment tax credits covered in Transmittal Sheet No. VIII-5 relating to Part 31 of the Rules and Regulations of the Federal Communications Commission will not be adopted by the Commission.

2. The Uniform System of Accounts for Class A and Class B Telephone Companies prescribed by the Federal Communications Commission, January 1961 Edition, as adopted and prescribed by the Public Utilities Commission of the State of California by Decision No. 64279, dated September 19, 1962, hereby is further amended in the form and to the extent set forth in the portion of Transmittal Sheet No. VIII-6 relating to Part 31 of the Rules and Regulations of the Federal Communications Commission.

3. The Secretary of the Commission is directed to cause a copy of this decision to be served on each Class A and Class B telephone utility operating in this State.

4. This Seventh Supplemental Order shall become effective May 1, 1965. However, any company may, at its option, adopt these changes retroactively to January 1, 1964.

Dated at San Francisco, California,
this 2nd day of FEBRUARY, 1965.

Frederick B. Holloff
President

George T. Prover

William L. Burns
Commissioners