

**ORIGINAL**

Decision No. 71013

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Investigation )  
on the Commission's Own Motion to )  
Consider the Adoption of a Revised )  
Uniform System of Accounts for Gas )  
Corporations. )

Case No. 6998

FIRST SUPPLEMENTAL ORDER

By Decision No. 61160, dated December 13, 1960, this Commission adopted and prescribed for Class A and Class B gas corporations operating under its jurisdiction the revised uniform system of accounts, effective January 1, 1961, subject to certain modifications, which was adopted and promulgated by the Federal Power Commission on June 21, 1960.

Under date of April 6, 1966, the Federal Power Commission issued its Order No. 320 (Docket No. R-292) amending the uniform systems of accounts applicable to Classes A, B and C natural gas companies so as to eliminate the instruction permitting optional accounting for measuring and regulating stations as either a transmission or distribution plant item and requiring the classification of such plant in the transmission function.

Gas Plant Instruction 14.A. states that the transmission system ends at the inlet side of the equipment which meters or regulates the entry of gas into the distribution system or into a storage area. Order No. 320 has amended

this portion of the definition so that it now states that the transmission system ends at the outlet side of the metering and regulating equipment. Corollary changes have also been made in Gas Plant Instruction 14.B. (Distribution System). The order also rescinded the option which permitted pipeline companies to include city gate and main line industrial measuring and regulating stations in either the transmission or distribution function.

Although the elimination of the option now permitted is in keeping with sound uniform accounting practices, the primary purpose of the amendments is to clarify the eligibility of the property concerned with respect to the investment tax credit percentage to be allowed. The existence of the option in the systems of accounts has posed a problem for the Internal Revenue Service because the Internal Revenue Code, as amended in 1962 and 1964, provides, in effect, that transmission plant acquisitions would be allowed a 7 percent credit and distribution plant would be allowed a 3 percent credit.

In order to coordinate this Commission's accounting and reporting requirements for Class A and Class B gas corporations operating under its jurisdiction with those imposed by the Federal Power Commission, we find the amendments relating to classification of measuring and regulating stations as transmission plant to be desirable and in the public interest. On the basis of these findings we conclude that this Commission should adopt and prescribe said amendments. A public hearing is not necessary.

IT IS ORDERED that:

1. The Uniform System of Accounts for Natural Gas Companies (Class A and Class B), effective January 1, 1961, prescribed by the Federal Power Commission, as adopted and prescribed by the Public Utilities Commission of the State of California by Decision No. 61160, dated December 13, 1960, hereby is amended in the form and to the extent set forth in Order No. 320 (Docket No. R-292) issued by the Federal Power Commission on April 6, 1966.

2. The Secretary of the Commission is hereby directed to cause a copy of this decision to be served on each Class A and Class B gas corporation operating in this State.

3. This First Supplemental Order shall become effective August 1, 1966, but any Class A and Class B gas corporation may, at its option, adopt the amendments prescribed herein retroactive to January 1, 1966.

Dated at San Francisco, California,  
this 26<sup>th</sup> day of JULY, 1966.

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