

Decision No. 77039

ORIGINAL

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)	Case No. 6998
Uniform System of Accounts for Gas)	
Corporations.)	

SECOND SUPPLEMENTAL ORDER

By Decision No. 61160, dated December 13, 1960, as amended by Decision No. 71013, dated July 26, 1966, in the above-entitled matter, this Commission adopted, with certain modifications, the revised Uniform System of Accounts for Natural Gas Companies (Class A and Class B), effective January 1, 1961, as prescribed and adopted by the Federal Power Commission in June, 1960. The revised systems of accounts, effective January 1, 1961, for Class C and Class D natural gas companies were prescribed by the Federal Power Commission in December, 1960 and subsequently adopted by this Commission in Resolution No. 318, dated January 17, 1961.

Since January 1, 1961, the Federal Power Commission has, at various times, issued certain orders which amend, rescind or otherwise affect said systems of accounts generally as follows:

1. Order No. 276, effective December 18, 1963
Provided additional sub-accounts under Other Income Deductions for all classes of natural gas companies.
2. Orders Nos. 289 and 289-A, effective November 2 and December 17, 1964, respectively
Prescribed the accounting for investment tax credits, providing additional accounts, as appropriate for Class A and B companies.
3. Order No. 318, effective March 30, 1966
Required work orders and property record system for Class C companies.
4. Order No. 320, effective May 6, 1966
Reclassified measuring and regulating stations as transmission plant for Class A, B, and C companies.
(This amendment was adopted by this Commission in Decision No. 71013).
5. Order No. 322, effective July 1, 1966
Redefined "research and development" expenditures for Class A and B companies.
6. Order No. 325, effective September 2, 1966
Amended the accounting to be followed by all classes for recording fees paid in connection with certificate and other applications.
7. Order No. 366, effective August 7, 1968
Revised the method of accounting by all classes for costs associated with the first clearing and grading of lands and rights-of-way.
8. Order No. 371, effective November 11, 1968
Clarified the reporting of advance payments and prepayments by Class A and B companies, retroactive to January 1, 1968.
9. Orders Nos. 389 and 389-A, both effective January 1, 1970
Amended the accounting and reporting by Class A and B companies for extraordinary and prior period items, adopting with some modification the "all-inclusive income statement" concept recommended by the accounting profession.

The foregoing amendments up to and including Order No. 366 are reflected in a revised looseleaf pamphlet edition of the Uniform System of Accounts prescribed for Natural Gas Companies (Class A and B, C, and D) in effect on September 1, 1968.

Section 793 of the Public Utilities Code reads, in part, as follows:

"The system of accounts and the forms of accounts, records, and memoranda prescribed by the Commission for corporations subject to the regulatory authority of the United States, shall not be inconsistent with the systems and forms from time to time established for such corporations by or under the authority of the United States."

After further consideration of the above-entitled matter, we find that the adoption by this Commission of the revised edition of the uniform system of accounts in effect on September 1, 1968, and the subsequent amendments referred to herein, would coordinate the accounting requirements of this Commission with those prescribed by the Federal Power Commission. On the basis of this finding, we conclude that this Commission should adopt and prescribe, with certain modifications, said uniform system of accounts and the subsequent amendments thereto described in this order. A further public hearing is not necessary.

IT IS ORDERED that:

1. The Commission, for accounting purposes, hereby adopts the following classifications for gas corporations:

- Class A. Gas corporations having annual gas operating revenues of \$2,500,000 or more;
- Class B. Gas corporations having annual gas operating revenues of \$1,000,000 or more, but less than \$2,500,000.
- Class C. Gas corporations having annual gas operating revenues of \$150,000 or more, but less than \$1,000,000; and
- Class D. Gas corporations having annual gas operating revenues of less than \$150,000.

2. The Uniform System of Accounts prescribed for Natural Gas Companies (Class A and B, C, and D) in effect on September 1, 1968, and subsequent amendments in the form and to the extent set forth in Order No. 371 (Docket No. R-349) and Orders Nos. 389 and 389-A (Docket No. R-344) adopted and promulgated by the Federal Power Commission, are hereby adopted and prescribed by the Public Utilities Commission of the State of California, subject to the modifications specified herein.

3. All gas corporations subject to the jurisdiction of this Commission shall keep their accounts in the manner set forth in said uniform system of accounts and amendments thereto, as adopted, prescribed and modified herein.

4. Account 117, Gas stored underground - Noncurrent, and Account 164, Gas stored underground - Current, in said uniform system of accounts hereby are modified so as to permit the charging to Account 117 of amounts representing the cost of gas permanently retained in underground storage as base stock to preserve pressure

conditions, and in the event this option is exercised, to permit the accounting for the storage and withdrawal from underground storage of gas, other than base stock, by debits or credits to said Account 164, as appropriate, the gas so stored and withdrawn to be priced in accordance with the appropriate instructions set forth in said Account 117.

5. Gas corporations which distribute liquefied petroleum gas are authorized and directed to establish subaccounts under Account 480, Residential sales, and Account 481, Commercial and industrial sales, as appropriate, to record sales of liquefied petroleum gas.

6. The uniform system of accounts adopted, prescribed and modified herein supersedes those contemplated by said Decision No. 61160, as amended, and by said Resolution No. 318.

7. The action of the Commission in so adopting said uniform system of accounts and amendments thereto shall not be construed as binding the Commission to approve or to accept any item set out in any account for the purpose of fixing rates or of determining other matters which may come before the Commission.

8. The Secretary of this Commission is hereby directed to give notice as required by Section 794 of the Public Utilities Code by transmitting a copy of this order to each gas corporation operating in this State under the jurisdiction of this Commission.

9. The effective date of this order shall be May 1, 1970, unless within fifteen days after receipt of this decision a gas corporation operating under Commission authority in this State requests a public hearing, in writing, in which event the effective date shall be stayed until further order of this Commission. However, any gas corporation may, at its option, adopt retroactively said uniform system of accounts, as modified, and all amendments specified herein.

10. In the event this order is stayed, prior to May 1, 1970, the Secretary of this Commission shall so notify, in writing, each gas corporation operating in this State under the jurisdiction of this Commission.

Dated at Los Angeles, California,
this 27th day of APRIL, 1970.

William J. Givens, Jr.
President

Secretary

William J. Givens, Jr.

Commissioners

Vermon L. Sturgeon
Commissioners