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Decision No. 82098

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of Application of)
TEMESCAL WATER COMPANY, a public)
utility corporation, for)
authority to increase its rates)
for general metered service.)
(P.U. Code § 454))

Application No. 53529
Petition for Modification
(Filed August 1, 1973)

FIRST SUPPLEMENTAL OPINION

By Decision No. 81425, dated May 30, 1973, in the above-entitled matter, in addition to authorizing Temescal Water Company to increase rates, the Commission required the corporation to make certain accounting adjustments.

The Petition for Modification requests us to rescind the accounting directives which are set forth in the first sentence of Ordering Paragraph No. 1 of said Decision No. 81425. The sentence reads as follows:

"Applicant shall adjust its books of account to reflect the staff accounting adjustments in the staff's report relating to the cement lining of pipe and the lease deposit, and the portion of the proceeds from the sale of an abandoned line considered to be a contribution."

As justification for the quoted adjustments, we said that they are in accordance with the prescribed system of accounts or policies set forth by this Commission.

In the event of denial of the request to rescind, petitioner seeks approval of proposed accounting entries which, according to prescribed numbers and titles, are as follows:

Cement Lining of Pipe

	<u>Account</u>	<u>Debit</u>	<u>Credit</u>
343.	Transmission and distribution mains		38,925
250.	Reserve for depreciation of utility plant	2,667	
271.	Earned surplus	36,258	

Lease Deposit

258.	Other reserves	153,555	
213.	Miscellaneous long-term debt		153,316
227.	Customers' deposits		239

Sale of Abandoned Line

271.	Earned surplus	28,303	
265.	Contributions in aid of construction		28,303

After consideration we find that:

1. The prescribed accounting adjustments reflect consideration of a record containing adequate testimony and argument.
2. No Petition for Rehearing has been filed in this proceeding.
3. Petitioner's additional arguments do not justify modification of any of the required adjustments.
4. Petitioner's proposed accounting entries comply substantially with Ordering Paragraph No. 1 of Decision No. 81425.

On the basis of the foregoing findings we conclude that (a) petitioner's request to rescind the accounting directives in Decision No. 81425 should be denied, and (b) the

proposed accounting entries should be approved. However, with respect to Contributions in Aid of Construction arising from properties sold to the State of California, amounts representing amortization for the past seven and one-half years must be credited to the depreciation reserve, and amortization for the remaining two and one-half years must, in the future, be similarly credited to the reserve for depreciation. A further public hearing in the above-entitled matter is not necessary. The Commission reserves the right to review the entries further should they become an issue in any future proceeding.

FIRST SUPPLEMENTAL ORDER

IT IS ORDERED that:

1. Petitioner's request to rescind the accounting directives in Decision No. 81425 is hereby denied.
2. The proposed accounting entries set forth in the foregoing opinion are hereby approved as complying with Ordering Paragraph No. 1 of Decision No. 31425, provided that past and future amortization of contributions are credited to the reserve for depreciation in the manner set forth in the last paragraph of said opinion.
3. Petitioner shall file promptly with the Commission an appropriate journal entry reflecting amortization of said contributions for the past seven and one-half years as a credit to the reserve for depreciation.

4. The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 7th day of NOVEMBER, 1973.

Vernon L. Sturgeon
President
William Lyons
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Commissioners