

Decision 83 03 029

MAR 16 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the Application)
of LAGUNA HILLS SANITATION, INC.)
for an order authorizing an)
increase in rates.)

Application 82-02-15
(Filed December 27, 1982)

ORDER DENYING PETITION FOR MODIFICATION

In its petition filed December 27, 1982 Professional Community Management, Inc. and Mutual Housing Corporations Inside Leisure World (PCM) seeks to have Interim Decision (D.) 82-12-066 modified to (1) reduce the authorized rates; (2) provide for a further hearing on D.91339, which was issued prior to enactment of the Economic Recovery Tax Act of 1981 (ERTA), in Application (A.) 59033; and (3) state that the specific ratemaking determinations deemed necessary for ERTA compliance in Interim D.82-12-066 are subject to reconsideration in a further hearing on D.91339.

Apparently, PCM's request for a reduction in the rates authorized by Interim D.82-12-066 is based on those rates not containing a downward adjustment to reflect an overcollection in Laguna Hills Sanitation, Inc.'s (LHSI) balancing accounts for effluent disposal and purchased power. In that regard, we note that none of the parties to the proceeding, including PCM, either suggested giving disposition to balancing account overcollection in this general rate proceeding or provided the basic data to do so. We further note that PCM's request for a reduction in the authorized rates is already being met in a manner consistent

with the record in this proceeding (i.e., through the semiannual advice letter offset procedure provided for in LHSI's tariffs). Specifically, LHSI filed, on December 29, 1982, Advice Letter 37 which, upon being acted by the Commission, will reduce the authorized rates to reflect not only the overcollection, but the latest changes in LHSI's effluent disposal operations as well.

Compliance with ERTA is established Commission policy. Specifically, D.93848 dated December 15, 1981 in Phase 1 of Order Instituting Investigation 24 adopted normalization of the Accelerated Cost Recovery System (ACRS) and Investment Tax Credit (ITC) tax benefits for ratemaking purposes for each public utility under the Commission's jurisdiction in compliance with ERTA.

In Interim D.82-12-066 specific ratemaking determinations, as set forth in its Finding 3, were deemed essential for ERTA compliance. Similarly, to meet the December 31, 1982 deadline under the transitional ERTA rule it was essential to include in Interim D.82-12-066 the following:

(Conclusion of Law) "2. D.91339, supra, should now be deemed modified to the extent necessary to conform to ERTA. The specific modifications accomplishing that end will be forthcoming in a further Commission order."

(Ordering Paragraph) "3. D.91339 dated February 13, 1980 in A.59033 is deemed modified to the extent necessary to conform to the Economic Recovery Tax Act."

Our staff and LHSI continue to confer on whether departures can be made from the specific ratemaking determinations in Finding 3 referenced above. They may or may not reach an agreement. If further hearings are required, it continues to be our view that A.82-11-40 filed November 22, 1982 by LHSI, which seeks specific modifications to D.91339, supra, to have it conform to ERTA, will be consolidated for hearing with a further hearing in A.82-02-15. The ratemaking determinations in question are only subject to change if it can be shown that the changes can be made without jeopardizing ERTA compliance.

IT IS ORDERED that Professional Community Management, Inc. and Mutual Housing Corporations Inside Leisure World's petition for modification of D.82-12-066 is denied except to the extent it is consistent with the clarifications set forth in this opinion.

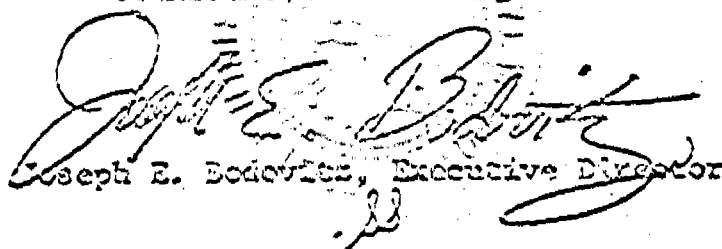
This order is effective today.

Dated MAR 16 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREGG
DONALD VIAL
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director