

ei/dcp

Decision No. 89194 AUG 8 - 1978

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own )  
 motion into the effect of the addition )  
 of Article XIII A to the Constitution )  
 of the State of California on the )  
 rates of the California public utilities )  
 and transportation companies subject to )  
 the ratemaking power of the Commission )  
 named in Appendix A attached hereto. )

OII No. 19  
(Filed June 27, 1978)

*Executive Personnel file (cont'd)*

INTERIM ORDER

By this Commission's Order Instituting Investigation (OII) issued June 27, 1978, jurisdiction was established over all of the ad valorem tax reductions which will accrue to each and every utility doing business in the State of California, said tax reductions being therein described as the differences between the ad valorem taxes paid in the fiscal year 1977-78 and the ad valorem taxes for the fiscal year 1978-79. It was ordered that each utility <sup>to determine difference in Company</sup> establish a Tax Initiative Account which would be charged with all said reductions and through which account the Commission would control the disposition of said tax reductions until the termination of the account on December 31, 1980.

Appendix B, as amended, of the order listed certain respondents which were required to file a comparison of taxes by July 15, 1978 and which were encouraged to file advice letters by July 28, 1978 requesting rate reductions to reflect reductions in ad valorem tax expenses. Hearings were ordered to commence on August 1, 1978, with first consideration to be given to all respondents in Appendix B who failed to file advice letter rate reductions.

Said public hearings did begin on August 1, 1978 before Administrative Law Judge Wright at the Commission Courtroom, 350 McAllister Street, San Francisco, California.

At the hearing, testimony was received and argument was heard, and it was determined that substantially all of the respondents listed in Appendix B had complied with Ordering Paragraphs 3 and 5 of the OII. Further hearing dates were scheduled for those respondents which for various reasons, both procedural and substantive, had not filed appropriate responses to the aforesaid OII. Hearings were also scheduled to determine the accuracy of the advice letter tariffs which had been filed on or before July 28, 1978.

Several respondents made motions to the effect that the matter of tax reductions received by them pursuant to the implementation of Article XIII A should be treated in pending or future general rate applications. Southern Pacific Railroad Company specifically moved to consolidate the issues in OII 19 with the application for general rate increases it anticipates filing in the near future.

As set forth in the OII, the Commission's purpose is to assure that all ad valorem tax reductions over which it has jurisdiction through its ratemaking powers will be passed through to the customers of each of the respondent<sup>ed</sup> utilities, and, to ensure this end result, we will consider the jurisdictional tax reductions as separate and identifiable items through the Tax Initiative Accounts and will not merge the issue into pending general rate cases. Accordingly, the several motions to consolidate will be denied.

Although the Commission staff has not yet had an opportunity to review the accuracy of the advice letter filings, we consider it to be in the public interest to order said advice letter filings to go into effect on the date set forth in said tariffs or on September 6, 1978, whichever date is earlier.

#### Findings of Fact

1. Substantially all of the respondents listed in Appendix B of OII 19 have established Tax Initiative Accounts and filed advice letters in accordance with the Commission's Order Instituting Investigation.

2. Hearings have commenced, evidence has been taken, and further hearings are scheduled.

3. The following order should be effective on the date hereof so that the tax reductions anticipated by the public in passing Article XIII A can be available to them at the earliest possible date.

Conclusions of Law

1. In this proceeding the Commission has ratemaking jurisdiction over each respondent with respect to the Tax Initiative Account of each, and with respect to the total ad valorem tax reduction accruing to each, said tax reductions being the difference between 1977-78 taxes and 1978-79 taxes.

2. Rates hereafter collected by each and every respondent should be collected subject to refund as to the amount included in such rates which reflect ad valorem taxes subject to the provisions of Article XIII A of the California Constitution.

3. All advice letter filings made by the respondents should go into effect on the date stated therein or September 6, 1978, whichever date is earlier.

IT IS ORDERED that:

1. All rates hereafter collected by each and every respondent shall be collected subject to refund as to the amount included in such rates which reflect ad valorem taxes subject to provisions of Article XIII A of the California Constitution.

2. All advice letter filings made by the respondents shall go into effect on the date stated therein or September 6, 1978, whichever date is earlier.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 8th day of AUGUST, 1978.

Robert Bateman  
President

Vernon L. Sturgeon  
Richard D. Howell  
Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.

Commissioner Claire T. Dodrick, being necessarily absent, did not participate in the disposition of this proceeding.