

AI

Decision No. 90096 ; MAR 27 1979

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
own motion into the method to be )  
utilized by the Commission to )  
establish the proper level of )  
income tax expense for rate- )  
making purposes of public )  
utilities and other regulated )  
entities. )

OII No. 24  
(Filed September 6, 1978)

INTERIM ORDER CLARIFYING ISSUES AND RATIFYING  
EXTENSION OF TIME TO FILE TESTIMONY AND EXHIBITS

Administrative Law Judge Orville I. Wright, to whom this Order Instituting Investigation (OII) has been assigned, has brought to our attention two matters which require timely Commission action. First, several respondents and interested parties have apparently misinterpreted the issues posed in the OII in that proposed prepared testimony and materials concerning normalization as opposed to flow-through of income tax deductions and/or credits have been submitted. Second, upon application of one of the respondents herein, The Pacific Telephone and Telegraph Company (Pacific), ALJ Wright issued a ruling extending time for filing proposed exhibits and prepared testimony from December 6, 1978 to January 15, 1979 for all respondents.

As to the first matter, the Commission does not wish to hear further evidence or argument on decisions which we have heretofore reached with regard to normalization as opposed to flow-through issues. These issues were not intended by the Commission to be introduced in this OII, and we affirm that such issues will not be addressed in this case.

As to the second matter, Pacific's motion to extend time is found to have been made upon good cause in that Pacific was engaged in three major proceedings before this Commission in early December when the motion was made. We accordingly ratify the extension of time granted by ALJ Wright.

Findings

1. By reason of apparent misinterpretation of the several issues enumerated in the OII, several respondents and interested parties have submitted testimony and exhibits on the issue of normalization as opposed to flow-through treatment of certain tax expenses and tax credits.

2. For good cause, ALJ Wright granted an extension of time to all respondents to January 15, 1979 within which to file testimony and exhibits.

3. This order should be effective upon signature to assist all parties in preparing for hearing.

IT IS ORDERED that:

1. The issue of normalization as opposed to flow-through treatment of tax expenses and tax credits will not be addressed in this proceeding.

2. ALJ Wright's extension of time to all respondents to January 15, 1979 within which to file testimony and exhibits is ratified.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 27<sup>th</sup> day of MARCH, 1979.

John E. Boyer  
President  
Terrence Sturgeon

Clayton J. DeBorja  
Terrence Sturgeon  
Commissioners

Commissioner Richard D. Gravello, being necessarily absent, did not participate in the disposition of this proceeding.