

Decision 93147 JUN 2 1981

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 19  
(Filed June 27, 1978)

ORDER DISCONTINUING OII 19 AND  
PLACING TAX INITIATIVE ACCOUNT BALANCES  
INTO OTHER RATE PROCEEDINGS FOR DISPOSITION

On July 1, 1978, California voters approved an initiative adding Article XIII A to the California Constitution. Article XIII A limits the amount of ad valorem tax on real property and also places limits on increases in the assessed values of real property.

Because California utilities and other regulated companies own substantial amounts of taxable property, the Commission deemed it necessary that the rates of these companies be reduced to reflect the lowered expense of their property taxes. Accordingly, the Commission signed OII 19 on June 27, 1978.

Pursuant to paragraph 4 of OII 19, each respondent was required to establish a Tax Initiative Account (TIA). This mandate reads as follows:

"All respondents shall establish a Tax Initiative Account. The account shall include 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 (beginning July 1, 1978). It shall also include any identifiable taxes, licenses or fees imposed by local governments to offset losses in revenues resulting from adoption of Article XIII A. The account shall be charged with any reduction (credit entry if any increase) in revenues attributable to changes in rates from advice letter filings made for the purpose of passing on to

ratepayers the effects of Article XIII A on ad valorem tax expense. The utility shall not transfer the balance in this account, or any portion thereof, without obtaining written approval of the Commission. The account shall terminate on December 31, 1980. The ultimate disposition of the balance in this account shall be as the Commission shall direct."

Staff now moves that the Commission adopt an order which discontinues OII 19 and provides for applying each of the balances currently in the TIAs to the next rate proceedings for each of the respondents. Under this proposal, each respondent will be required to preserve documents and working papers in support of the account balance. The TIA balance would remain either as an overcollection or an undercollection on its accounting books until the next rate proceeding for that company. At that time, each of the account balances could be analyzed and audited. Each balance could then be applied to new rates developed during the proceedings.

In addition to the staff motion, a Motion for Termination of OII 19 as to PG&E's Electric, Gas, and Steam Departments was filed on January 30, 1981; a Motion for an Order Dismissing Southern California Gas Company as Respondent in OII 19 was filed on February 20, 1981; and Opposition to Staff's Motion by General Telephone Company of California was filed on February 27, 1981. These several responsive pleadings serve to remind us that we have earlier dealt with a number of TIA balances by resolution, or rate order. No opposition is expressed to the staff motion as a general proposition. Accordingly, the staff motion should be granted.

IT IS ORDERED that:

1. All Tax Initiative Accounts (TIAs) are terminated on December 31, 1980 and the balances therein shall be addressed and applied to rates in the earliest practicable offset or general rate proceeding following the date of this order.

2. All issues respecting each respondent's TIAs are reserved for hearing in appropriate rate proceedings.

3. Resolutions and orders respecting TIAs heretofore made are confirmed.

4. OII 19 is discontinued.

This order becomes effective 30 days from today.

Dated JUN 2 1987, at San Francisco, California.

John E. Boyer  
President  
Richard D. Knolly  
Thomas W. ...  
Walter ...

Commissioners

Commissioner Priscilla C. Grew, being necessarily absent, did not participate in the disposition of this proceeding.