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GENERAL ADMINISTRATIVE ORDER NO. 1982-2

OF THE

PUBLIC SERVICE COMMISSION OF INDIANA

WHEREAS, The Economic Recovery Tax Act of 1981 (ERTA) added to the Internal Revenue Code of 1954 a new Section 168, which allows accelerated depreciation through an accelerated cost recovery system (ACRS) on property acquired after 1980. Section 168(e)(3) as added by ERTA is "a special rule for certain public utility property," providing that benefits of the ACRS are available only to those investor-owned utilities which have used normalization accounting as described by Section 168(e)(3)(B) of ERTA, and

WHEREAS, this Commission observes that it has historically and that it does currently require full-normalization accounting for ratemaking consistent with Section 168(e)(3)(B) of ERTA with respect to investor-owned utilities, and

WHEREAS, this Commission recognizes that both utilities and ratepayers may benefit from the provisions of Section 168 of ERTA because of the tax minimization they allow, and

WHEREAS, it is our belief that in those states which have in the past and do currently require normalization accounting consistent with Section 168(e)(3)(B) there is no necessity that a revenue-requirement, i.e. rate, order be issued on or before December 31, 1982, to allow a utility to gain the benefits of Section 168 of ERTA,

NOW, THEREFORE, BE IT RESOLVED AND ORDERED THAT:

- 1) Investor-owned utilities can and should avail themselves of the tax minimization benefits of Section 168 of ERTA.
- 2) Investor-owned utilities subject to this Commission's authority have been required in the past and are currently required for ratemaking purposes to use normalization accounting which is in accord with Section 168(e)(3)(B) of ERTA.

- 3) The historically and currently sanctioned accounting practices of 2) above should obviate the need for this Commission to issue, on or before December 31, 1982, otherwise unnecessary rate orders specifying such compliance for each investor-owned utility subject to its authority; this general administrative order shall serve in lieu of such individual orders.

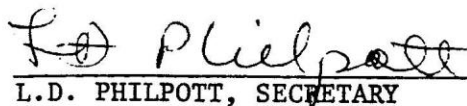
BE IT FURTHER RESOLVED AND ORDERED that this General Administrative Order of the Commission be duly recorded in and made part of the minutes of the Public Service Commission of Indiana as General Administrative Order No. 1982-2, this 22nd day of December, 1982.


HARRY J. WALLACE, CHAIRMAN


WILLIAM MONTGOMERY, COMMISSIONER


PEGGY HARRIS, COMMISSIONER

I hereby certify that the above
is a true and correct copy of the
General Administrative Order as approved.


L.D. PHILPOTT, SECRETARY