

Decision No. 56652**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 THE PACIFIC TELEPHONE AND TELEGRAPH)
 COMPANY, a corporation, for authority)
 to increase certain intrastate rates) Application No. 39309
 and charges applicable to telephone)
 service furnished within the State of)
 California.)

ORDER DENYING REHEARING

A petition for rehearing with respect to Decision No. 56652 has been filed by the City of San Diego, and another such petition has been filed jointly by the City of Los Angeles and Roger Arnebergh.

The Commission has considered said petitions. The only point made in these petitions for rehearing which merits serious consideration is the contention by the petitioners City of Los Angeles and Roger Arnebergh that the rate of return actually allowed applicant is 6.85 per cent rather than 6.75 per cent. Arithmetically, the computations do result in a figure of 6.85 per cent but petitioners overlook the fact that the return which the Commission prescribed was to result in a rate of 6.75 per cent, after giving effect to a reasonable attrition in that return which past experience with this applicant shows, reasonably, must be expected. The phenomenal growth of this applicant in response to the ever increasing demand by the public for telephone service in California, we find, has a direct tendency to create a consistent down trend in applicant's rate of return which we have allowed for by setting the return at 6.85 per cent which we find, reasonably, will stabilize at 6.75 per cent for a reasonable future period.

No other points made in these petitions for rehearing requiring discussion, we are of the opinion that said petitions should be denied; therefore,

IT IS HEREBY ORDERED that the petitions for rehearing filed by the City of San Diego, the City of Los Angeles and Roger Arnebergh be, and the same are, hereby denied.

Dated at San Francisco, California, this 1st day of July, 1958.

S. Lyn Fox
President
Ed. H. H. H. H.
Paul L. L. L.
W. H. H. H.
Theodore Jenner
Commissioners