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Decision No. 79516

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of

THE WESTERN UNION TELEGRAPH COMPANY,

a corporation, for an order authorizing it to revise certain intrastate rates and charges applicable to message telegraph and other services within the State of California.

Application No. 52298
(Petition for Modification
Filed November 16, 1971)

ORDER ON PETITION FOR MODIFICATION

By Decision No. 78519, dated April 2, 1971, in the above-entitled matter, the Commission authorized The Western Union Telegraph Company to file revised rates and conditions anticipated to provide interim relief in the sum of \$2,525,900. In the event that the complete record would not support a finding that the interim rates are reasonable, all or part of the increase would be subject to refund with interest. Said Decision No. 78519 required the company to establish a special reserve for the purpose of accruing the amount of the increase in rates. Petitioner seeks authority to include the increased revenues in its revenue and income accounts.

The petition shows that the proposed change would enhance the company's ability to obtain external financing, and includes an explanation reading as follows:

"Since the date of the interim order, the profits of Petitioner have fallen below expectations due to the adverse effect of the recent strike. In addition, Petitioner has continued to make capital expenditures in order to meet the requirements of its modernization program. Only a portion of the funds for said program can be internally generated and the Company is thus required to resort to external financing. The Company's borrowing capacity is restricted by indentures relating to

its debenture issues. The indentures require that net earnings available for fixed charges must equal or exceed said fixed charges by two and a half times. Thus, the inclusion of the increased revenues resulting from the interim rate increase in its revenue and income accounts will have a beneficial effect on the Company's borrowing capacity. . . ."

After consideration the Commission finds that the interim relief granted by said Decision No. 78519 no longer necessitates a special reserve. On the basis of this finding we conclude that the petition should be granted. A public hearing is not necessary.

IT IS ORDERED that the second ordering paragraph of Decision No. 78519, dated April 2, 1971, in the above-entitled matter is hereby amended to read as follows:

IT IS FURTHER ORDERED that applicant shall credit to its revenue and income accounts the revenues collected at the interim rates. In the event that such revenues exceed those ultimately established in this proceeding, applicant shall refund the excess together with 7% per annum interest in accordance with a plan acceptable to and approved by this Commission.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 21st day of DECEMBER, 1971.

[Signature]
Chairman
William Thomas Jr
[Signature]
Yuma L. Sturgeon
[Signature]
Commissioners