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Decision No. 80348

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)
and charges applicable to telephone)
services furnished within the State)
of California in an amount necessary)
to offset increases in wage and)
salary rates.)

Application No. 52794
(Filed August 6, 1971)

O P I N I O N

By Decisions Nos. 79873 and 79941, dated April 4, 1972 and April 11, 1972, the Commission authorized The Pacific Telephone and Telegraph Company to increase its rates by an annual amount of \$68.9 million effective May 27, 1972. The decisions provided rates which were incremental to and based upon rates effective July 23, 1971 by Decision No. 78851 in Application No. 51774.

On June 9, 1972 the Supreme Court of the State of California annulled Decision No. 78851. With respect to rates authorized by Decisions Nos. 79873 and 79941 the Supreme Court stated: "We conclude that the entire increase of rates collected pursuant to the invalid order must be refunded. We are informed that the rates approved in the April 4 decision, as amended, went into effect on May 27, 1972. As we have seen, the April 4 increase of rates includes the invalid increase before us, and the latest increase was not based on a full scale rate proceeding but rather merely adjusted the rates before us to offset certain changes in operating expenses. Insofar as the rates which went into effect on May 27 reflect increases based on the invalid order before us, refunds are necessary. However, insofar as the May 27 rates are attributable to the approximately \$70 million increase authorized on April 4, they are not subject to refund at this time." (City of Los Angeles v. Public Utilities Commission (1972) 7 C 3d 331, 359; opinion modified July 12, 1972.) Petitions for writ of review of Decisions Nos. 79873 and 79941 are now pending before the Supreme Court.

Pursuant to the order of the Supreme Court annulling Decision No. 78851 this Commission in Decision No. 80346 has ordered rates reinstated as of their July 22, 1971 levels, and refunds of unlawfully collected rates. Pursuant to the same Supreme Court order we have reconsidered Application No. 51774 and, in Decision No. 80347, we have authorized an increase in rates of \$55.4 million.

The effect of the Supreme Court's annulment of Decision No. 78851 and our subsequent orders in Decisions Nos. 80346 and 80347 has been to modify the basic rates upon which the \$68.9 million increase applies. For this reason we feel it administratively convenient to restate Pacific's rate levels. Appendix A attached hereto shows the present levels of Pacific's authorized rates. Appendix A reflects rates in effect on July 22, 1971, plus the increase authorized by Decision No. 80347, and the \$68.9 million increase authorized by Decisions Nos. 79873 and 79941.

Findings

1. The basis upon which final rate levels were determined in Decisions Nos. 79873 and 79941 has been changed due to the annulment of Decision No. 78851 by the California Supreme Court order of June 9, 1972.

2. For administrative convenience the rates authorized in Decisions Nos. 79873 and 79941 should be restated.

O R D E R

IT IS ORDERED that:

1. On or after the effective date of this order, Pacific is authorized to file the revised rate schedules attached to this order as Appendix A and, concurrently, to cancel or modify its present tariffs to make them consistent therewith. Such filing may be in the form of the schedules in Appendix A but shall be brought up to the standards of General Order No. 96-A within thirty days. The effective date of the revised schedules shall be the date of filing. The revised schedules shall apply only to service rendered on and after the effective date.

2. Pacific shall maintain records of intrastate charges to each of its customers (excluding coin box collections) beginning with effective dates of the rate increments authorized in this proceeding and continuing until further order of this Commission.

3. Rates authorized by Decisions Nos. 79873 and 79941 remain subject to refund.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 8th
day of AUGUST, 1972.

I will file a
concurring
opinion.
Thomas Moran

Vernon L. Stinson
President
William J. ...
...
...
...
Commissioners

APPENDIX A
Page 1 of 3

RATES

The rates, charges and conditions of The Pacific Telephone and Telegraph Company are changed as set forth in this appendix.

Schedule Cal. P.U.C. No. 4-T, Individual and Party Line Service

Rate per month for each primary station is increased by 10¢ per month except:

- (a) No increase in residence one party message rate service with a 30 message allowance.
- (b) In exchanges where only flat rate business service is offered the individual line semi-public rate shall be 50% of the business individual line rate rounded up to the higher 25 cent multiple.

Schedule Cal. P.U.C. No. 9-T, Farmer Line Service

Rate per month for each station is increased by 10¢ per month.

Schedule Cal. P.U.C. No. 13-T, PBX Trunk Line Service

Commercial and Hotel Manual and Dial PBX Business Key Station Dial PBX and Order Receiving Equipment Services:

Where offered, the trunk rate for flat rate service for each trunk line shall be 150% of the individual line primary station flat rate rounded to the lower 25 cent multiple. The trunk rate for message rate services for each trunk line shall be one half the individual line primary station message rate with no message allowance rounded to the lower 5 cent multiple.

Schedules Cal. P.U.C. Nos. 4-T, 6-T, 13-T, 18-T, 34-T and 121-T, Message Unit Service in San Francisco-East Bay Extended Area and Los Angeles Extended Area and Message Rate (Measured) Exchange Service in Other Exchanges Where Offered

Message Unit Rate for services other than semi-public coin box, public telephone and foreign exchange service, is increased by 0.1¢ per message unit.

Exchange Message Rate for services other than foreign exchange services is increased by 0.1¢ for each exchange message over allowance.

Schedules Cal. P.U.C. Nos. 4-T, 9-T, 13-T, 18-T, 34-T, 117-T, 128-T, Hunting Service in Connection with Multiple Lines

Proposed rates as set forth in Exhibit No. 3A, page 21, are authorized.

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RATES - (Continued)

Schedule Cal. P.U.C. No. 12-T, Private Branch Exchange Service

Proposed rates as set forth in Exhibit No. 3A, page 22, are authorized.

Schedule Cal. P.U.C. No. 17-T, Directory Listings

The following rate is authorized:

	<u>Rate Per Month</u>
Non-Published Service	\$0.15
Conditions of service as set forth in Exhibit No. 3A, page 23, are authorized.	

Schedule Cal. P.U.C. No. 22-T, Key Equipment Service

Proposed rates and charges as set forth in Exhibit No. 3A, page 24, 25, 26, 27 and 28, are authorized.

Schedule Cal. P.U.C. No. 26-T, Service Connection Charges, Move and Change Charges, In Place Connection Charges

Proposed charges as set forth in Exhibit No. 3A, pages 29, 30, 31, 32, 33 and 34, are authorized.

The following charges are authorized for change of telephone numbers:

	<u>Charge</u>
Change of Telephone Number	
Business Service	\$10.00
Residence Service	5.00

Schedule Cal. P.U.C. No. 32-T, Supplemental Equipment

Proposed rates and charges as set forth in Exhibit No. 3A, pages 36, 37, 38, 39, 40, 41, and 42, are authorized.

Schedule Cal. P.U.C. No. 34-T, Foreign Exchange Service

<u>Business</u>	<u>Authorized Monthly Rate Increase</u>
Individual Line Message Rate (200)	\$0.10
PBX Trunk, First, Message Rate (300)	0.25
PBX Trunk, Each Add'l, Message Rate (300)	0.25
<u>Residence</u>	

Residence primary service rates for foreign exchange services are adjusted to the extent required by any changes in the basic exchange rates.

Foreign exchange service from exchanges having special rate areas will be priced at rates shown for the base rate area or the special rate area, as appropriate.

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RATES - (CONTINUED)

Schedule Cal. P.U.C. No. 34-T, Foreign Exchange Service (Contd.)

In addition to the rates shown above the appropriate mileage increment will apply. The increment for rate areas A, B or C will apply in addition to the proposed rate for Los Angeles service in contiguous exchanges.

Schedule Cal. P.U.C. No. 50-T, Private Line Services and Channels - Supplemental Equipment

Proposed rates and charges as set forth in Exhibit No. 3A, pages 44, 45 and 46, are authorized.

Schedule Cal. P.U.C. No. 53-T, Message Toll Telephone Service

Proposed rates and conditions as set forth in Exhibit No. 3A, pages 47, 48, 49, 50 and 51, are authorized.

Schedule Cal. P.U.C. No. 83-T, Special Assemblies of Equipment

Proposed rates as set forth in Exhibit No. 3A, page 52, are authorized.

Schedule Cal. P.U.C. No. 117-T, Airport Intercommunicating Service

Proposed rates as set forth in Exhibit No. 3A, page 53, are authorized, except that the rate format shall be consistent with rate structure revisions filed under Advice Letter No. 10742.

Schedule Cal. P.U.C. No. 121-T, Centrex Service

Proposed rates and charges as set forth in Exhibit No. 3A, pages 54, 55 and 56, are authorized, except that the rate format shall be consistent with rate structure revisions filed under Advice Letter No. 10742.

Schedule Cal. P.U.C. No. 128-T, Wide Area Telephone Service

Proposed charge as set forth in Exhibit No. 3A, page 57, is authorized.

Schedule Cal. P.U.C. No. 135-T, Connections of Customer-Provided Equipment and Systems

Proposed rates and charges as set forth in Exhibit No. 3A, page 58, are authorized.

Local and Interexchange Private Line Services and Channels - All Affected Schedules

The Pacific Telephone and Telegraph Company is authorized and directed to file a schedule of private line rates in a form acceptable to the Commission such as will result in an over-all average increase of 5% in local and interexchange private line rates. Pending the effectiveness of such schedule a 5% surcharge on private line rates and services is authorized.

A. 51774, et al.
D. 80346
D. 80347
D. 80348

COMMISSIONER MORAN, CONCURRING.

I concur in each of these three Pacific Telephone decisions today as they substantially correct the gross errors of law and judgment embodied in this Commission's three previous outrageous decisions ^{FN/} respecting Pacific Telephone (to all three of which I dissented).

It is unfortunate that this Commission has finally recognized its responsibility to the people of California only because the Supreme Court has compelled the Commission to do so. Literally several millions of dollars, not to mention the time of dedicated staff personnel, has been wasted unnecessarily, all at the expense of Pacific Telephone's ratepayers, the taxpayers, and indeed even to the detriment of Pacific Telephone's stockholders.

Dated: August 8, 1972
San Francisco, California

/s/ THOMAS MORAN

Thomas Moran
Commissioner

FN/ D. 76726, January 27, 1970,
respecting so-called "Western Electric Adjustment",
D. 77987, November 24, 1970,
respecting so-called "accelerated depreciation",
D. 78851, June 21, 1971,
which granted Pacific a rate increase in excess of
\$143,000,000 per year.