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Decision No. 85531

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 telephone
service rate increases to offset
increased wage, salary and associated
expenses.

Investigation on the Commission's
own motion into the rates, tolls,
rules, charges, operations, costs,
separations, inter-company settle-
ments, contracts, service, and
facilities of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a California
corporation; and of all the tele-
phone corporations listed in
Appendix A, attached hereto.

ORIGINAL

Application No. 55214
(Filed September 30, 1974;
amended December 13, 1974)

Case No. 9832
(Filed November 26, 1974)

ORDER DENYING REHEARING AND
MODIFYING DECISION NO. 85287

On December 30, 1975, the Commission issued Decision No. 85287, granting The Pacific Telephone and Telegraph Company (Pacific) a rate increase of \$65.2 million. On January 7, 1976, the City of Los Angeles filed a petition for rehearing.

Petitioner contends that the settlement provision of \$6.7 million payable to General Telephone Company of California (General) in Finding 2 of the decision constitutes an unjustified revenue increase to that company, and asks the Commission to either order a compensatory rate reduction by General or to modify Decision No. 85287 to provide that the settlement revenue be held subject to refund pending the Commission's decision in General's Application No. 55383.

Having considered each and every allegation of the petition, the Commission is of the opinion that rehearing of Decision No. 85287 should be denied.

However, it would appear that the increase in General's revenue attributable to the receipt of increased settlement revenue from Pacific may result in unjust and unreasonable rates for General.

Therefore, it is appropriate that the decision should be modified as follows:

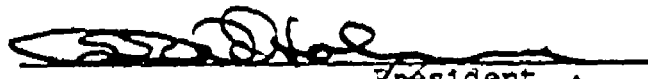
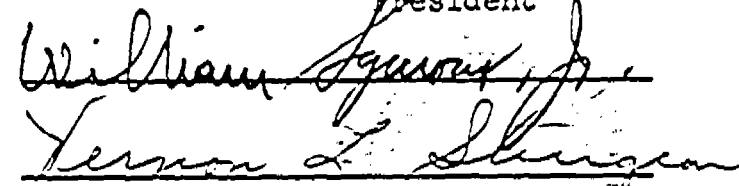
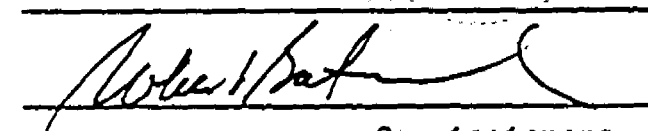
Page 74 of the decision is hereby modified to include an additional ordering paragraph, number 15, as follows:

15. General will keep records of the settlement revenue received from Pacific flowing from this decision and hold the same subject to possible refund pending disposition of Application No. 55383 and until further order of the Commission.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 2nd day of MARCH, 1976.

Johnston
W. H. H.


President


Commissioners