

L/JTP/bjk

Decision 87 10 081 OCT 28 1987**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own)
 Motion into the Rates, Tolls, Rules,)
 Charges, Operations, Costs, Separations,)
 Practices, Contracts, Service, and)
 Facilities of GENERAL TELEPHONE COMPANY)
 OF CALIFORNIA, a California Corporation)

I.87-01-019
 (Filed January 14, 1987)

ORDER MODIFYING DECISION 87-08-051
AND DENYING REHEARING

General Telephone Company of California (General) has filed an application for rehearing of Decision (D.) 87-08-051, in which the Commission decreased General's rates to account for 1987 financial attrition. We have carefully considered all of the issues and arguments raised in the application and are of the opinion that sufficient grounds for granting rehearing have not been shown. We are, however, of the view that the decision should be modified in several respects.

Therefore, good cause appearing,

IT IS ORDERED that D.87-08-051 is modified as follows:

1. The date on the eighth line of the first full paragraph on page 2 is modified to read:

January 14, 1987

2. The following language is inserted after the the second sentence of the last paragraph on page 2:

Thus the Commission has adjusted General's rates for the last four months of 1987 to reflect a lower rate of return for the period January 14, 1987 through December 31, 1987. The Commission has adjusted General's rates prospectively in order to account for the impact of the new rate of return as of January 14, 1987 (the date on which this OII was initiated and General's rates made subject to refund pending this order on General's 1987 rate of return).

3. The following material is added at the end of the blocked and indented paragraph at the bottom of page 16:

" (Page 2, PSD reply brief.)

4. The blocked and indented material at the top of page 17 is deleted and the following sentence is inserted at the top of page 17:

PSD also noted that the present proceeding is an attrition proceeding as opposed to a general ratemaking proceeding.

5. The last full sentence on page 17 is modified to read:

This is not retroactive ratemaking because General's rates were made subject to refund for a specified purpose on the date as of which adjustments are being made.

6. The following language is added at the end of the first partial paragraph at the top of page 18:

Moreover, pursuant to Southern California Edison Co. v. Public Utilities Commission, 20 Cal. 3d 813 (1978), the rule against retroactive ratemaking applies only to general ratemaking proceedings. Therefore it does not apply to a limited issue proceeding such as this attrition proceeding.

7. The date in the last full sentence on page 18 is modified to read:

January 14, 1987

8. The date in the third line of Finding of Fact No. 7 on page 20 is modified to read:

January 14, 1987

9. The word "dated" in the first line of Finding of Fact No. 9 on page 20 is deleted.

10. Conclusion of Law No. 4 on page 21 is modified to read:

The adjustments ordered herein do not constitute retroactive ratemaking, since moneys collected from the effective date of I.87-01-019 were made subject to refund as of that date, pending this order on General's 1987 rate of return. Moreover, this is not a general rate proceeding.

IT IS FURTHER ORDERED that rehearing of D.87-08-051 as modified herein is denied.

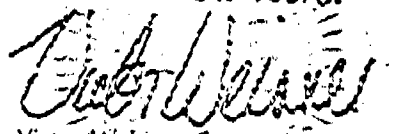
This order is effective today.

Dated OCT 28 1987, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. OHANIAN
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Victor Weisner, Executive Director