

Decision 88 03 037 MAR 09 1988**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
 PACIFIC BELL, a corporation, for)
 authority to increase certain intra-)
 state rates and charges applicable)
 to telephone services furnished)
 within the State of California)

Application No. 85-01-034
 (Filed January 22, 1985;
 amended June 17, 1985 and
 May 19, 1986)

I.85-03-078
 (Filed March 20, 1985)

And related proceedings.)

OII 84
 (Filed December 2, 1980)

C.86-11-028
 (Filed November 17, 1986)

ORDER DENYING APPLICATION FOR STAY

Pacific Bell (PacBell) has filed an Application for partial Stay of Decision (D.) 87-12-067 (our Phase 2 Decision) dated December 22, 1987. The Decision reduced PacBell's rates and found that "many of the Phase 2 adjustments relate back to March 5, 1986 (and, in some cases intervening dates)". PacBell has filed an application for rehearing which contends that a portion of the rate reduction ordered constitutes impermissible retroactive ratemaking and has indicated that it will appeal the matter to the California Supreme Court if its application for rehearing is not granted. PacBell now asks the Commission to stay implementation of the challenged portion of our Phase 2 Decision pending consideration of its application for rehearing and appeal.

We have carefully considered all the arguments raised in PacBell's Application for Stay and are of the opinion that good cause for granting a stay has not been shown. However, we are of the opinion that PacBell should be authorized to record in

an interest-bearing memorandum account the difference between the revenues it actually collects and the revenues it would have collected if the stay had been granted. This memorandum account should protect PacBell in case a portion of the presently-ordered rate reduction should be overturned.

Therefore, good cause appearing,

IT IS ORDERED THAT:

1. Pacific Bell is authorized to record in a memorandum account: the difference between the revenues it actually collects and the revenues it would have collected absent that portion of Decision No. 87-12-067 which it challenges in the application for rehearing it filed on February 1, 1988. This account will accrue interest at a rate equal to one-twelfth the interest rate on Commercial Paper (three months) for the previous month as published in the Federal Reserve Statistical Release, G.13, or its successor. If Pacific Bell does not prevail in its challenge to Decision No. 87-12-067, this memorandum account shall be terminated and removed from its accounting records.

2. Pacific Bell's Application for Stay of Decision No. 87-12-067 is denied.

3. The Commission will, in due course, address Pacific Bell's Application for Rehearing of Decision No. 87-12-067 in a separate decision.

This order is effective today.

Dated MAR 09 1988, 1988, 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.

[Handwritten Signature]
Junior Weiszer, Executive Director