

L/dp

Decision 91-04-033 April 10, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the matter of Application of)
Pacific Bell, (U-1001-C), a)
corporation, for approval of changes)
to capital depreciation rates.)

ORIGINAL
Application 90-06-062
(Filed June 29, 1990)

In the matter of the application of)
GTE California Incorporated,)
(U-1002-C), a corporation, for)
approval of 1991 depreciation rates)

Application 90-06-062
(Filed June 29, 1990)

ORDER MODIFYING DECISION AND DENYING REHEARING

TOWARD UTILITY RATE NORMALIZATION (TURN) has filed an application for rehearing of Decision (D.) 90-12-116. We have considered all the allegations of error in the application and are of the opinion that good cause for rehearing has not been shown. Therefore, we are denying the petition.

However, TURN's petition brought to our attention several parts of the decision where the effect of the decision can, and should be, described with greater precision. Accordingly, we are making some minor changes to the language of the decision. In so doing, we are not ruling on the broad policy issues raised in TURN's petition, nor are we changing the substantive effect of D.90-12-116.

IT IS ORDERED that:

1. TURN's petition for rehearing is denied.
2. D.90-12-116 is modified as follows:
 - a) The first sentence of the second full paragraph on page 25 is amended to read:

We recognize that the sharing mechanism does give a possible incentive for the utilities to increase expenses periodically in order to reduce sharing, but such actions would, at earning levels below 16.5%, also reduce investor earnings.

- b) Finding of fact #3 and the text of the third paragraph of page 2 are amended to read:

GTEC proposes a net reduction in its depreciation accrual of \$7.287 million comprised of: a decrease of \$10.391 million in forecast depreciation expenses associated with last year of inside wire amortization; a decrease of \$7.519 million in depreciation expenses resulting from GTEC's technical update of plant; and an increase of \$10.623 million resulting from the represcription of its underground metallic cable account.

- c) Finding of fact #11 and conclusion of law #2 are amended to read:

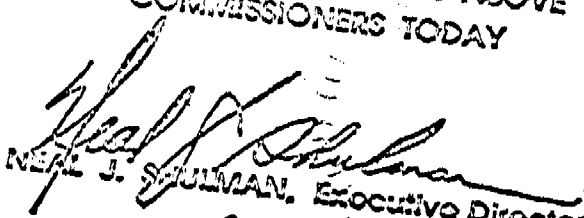
The granting of applicants' requested adjustments to the depreciation accrual, as amended by DRA, will not change applicants' rate caps. However, the adjustments might affect surcredits that ratepayers would receive through the operation of the sharing mechanism described in D.89-10-031, 33 CPUC 2d at 138-141.

This order is effective today.

Dated April 10, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

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


NEIL J. SCHULMAN, Executive Director
PB