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Decision 91-05-016 May 8, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of Alternative Regulatory Frameworks for Local Exchange Carriers.	I.87-11-033 (Filed November 25, 1987)
In the Matter of the Application of Pacific Bell (U 1001 C), a corporation, for authority to increase intrastate rates and charges applicable to telephone services furnished within the State of California.	Application 85-01-034 (Filed January 22, 1985; amended June 17, 1985 and May 19, 1986)
Application of General Telephone Company of California (U 1002 C), a California corporation, for authority to increase and/or restructure certain intrastate rates and charges for telephone services.	Application 87-01-002 (Filed January 5, 1987)
And Related Matters.	I.85-03-078 (Filed March 20, 1985) OII 84 (Filed December 2, 1980) C.86-11-028 (Filed November 17, 1986) I.87-02-025 (Filed February 11, 1987) C.87-07-024 (Filed July 16, 1987)

ORIGINAL

(See Appendix A in Decision 88-08-024 for appearances.)

(Additional appearances are listed in Appendix B.)

OPINION

This decision makes a modification to the rules adopted in Decision (D.) 88-07-022 for the California High Cost Fund (CHCF). The modification limits a utility's CHCF funding to amounts which produce rates of return no higher than those most recently authorized by the Commission.

I. Background

The CHCF (adopted in D.85-06-115) provides relief to the state's small- and medium-sized local exchange telephone companies (LECs or utilities) for losses due to regulatory changes. Specifically, we anticipated that LECs' local rates could rise because of reductions in access charges. CHCF rules were modified in D.88-07-022.

In D.90-12-080, we responded to LECs' petitions for further modification of CHCF rules. The petitions asked us to suspend the "phase-down" of CHCF funding. For utilities that do not initiate a general rate case, the phase-down limits funding to 80% of amounts for which the utilities would otherwise qualify in 1991 and 50% of those amounts in 1992. No funds would be available in subsequent years until and unless the utility filed a general rate case application. D.90-12-080 denied the LECs' petitions. It further found that the CHCF rules have inadvertently permitted small- and medium-sized LECs to draw from the fund even when their earnings exceeded those authorized by the Commission. D.90-12-080 initiated our reconsideration of CHCF rules in light of the stated purpose of the fund.

Two days of hearings were held on the matter during which Citizens Utilities Company of California (CUCC), Roseville Telephone Company (Roseville), Winterhaven Telephone Company

(Winterhaven), AT&T, and the Division of Ratepayer Advocates (DRA) presented witnesses.

II. Positions of the Parties

A. Local Exchange Companies

The state's small LECs submitted briefs on CHCF funding for companies earning in excess of authorized returns. A joint brief was filed by Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, The Ponderosa Telephone Company, The Volcano Telephone Company, and Winterhaven. Another joint brief was filed by CP National, Evans Telephone Company, GTE West Coast Incorporated, Kerman Telephone Company, Pinnacles Telephone Company, Sierra Telephone Company, Inc., The Siskiyou Telephone Company, and Tuolumne Telephone Company. Roseville and CUCC also filed briefs.

All these small LECs object to changes in the rules which would limit their funding. Roseville argues that the proposal to reduce funding would deny the procedural and substantive protections afforded to LECs by a rate proceeding. It argues that the proposal would complicate the regulatory process without resolving the Commission's concerns about earnings levels. High earnings, according to the small LECs, are a result of rate design rather than of CHCF funding. They believe the phase-down provisions in the existing rules tend to prevent excessive earnings by reducing funding over a three-year period.

The small LECs object to a "means test" as proposed by DRA and AT&T. They argue that DRA's proposal would violate the prohibition on retroactive ratemaking because the DRA would base a forecast on past recorded data. CUCC comments that AT&T's proposal is quite complex, and recommends that if the Commission adopts some sort of means test, DRA's methodology be used.

The small LECs also argue that the proposed rule changes would deny the utilities an opportunity to be heard, in violation of the Public Utilities Code.

B. DRA

DRA supports the development of a means test to limit support from the CHCF for LECs which earn in excess of authorized returns. DRA objects to the LECs' characterization of CHCF support as an "entitlement" with the status of an authorized rate. DRA states that CHCF revenues are not rates and that a utility should not be permitted to draw from the fund as a permanent part of its rate design.

DRA proposes that the utilities submit, with their applications for funding, seven months of recorded earnings. The revenue requirement would be adjusted for known regulatory changes. DRA also asks the Commission to clarify that the phase-down will be reinitiated after a utility's general rate case application is resolved. Otherwise, according to DRA, the utility would have no incentive to initiate a general rate case proceeding.

C. AT&T

AT&T supports a change in the CHCF rules to limit LEC funding. AT&T comments that the CHCF, which is intended to protect utility ratepayers, should not produce earnings in excess of those authorized by the Commission. It concurs with DRA's view that the phase-down described in the rules would be reinitiated after each general rate case.

AT&T's proposed method for forecasting future earnings of utilities seeking CHCF funding is similar to that used in attrition proceedings and, according to AT&T, relies on readily available information.

III. Discussion

The purpose of the CHCF, as set forth in D.85-06-115, is "to assure that ITC (Independent Telephone Company) exchange rates remain within a reasonable range of Pacific's exchange rates in comparable neighboring exchanges." D.85-06-115 provided that funding would be considered "only after a revenue requirement has been determined (for the ITCs) which should 'weed out' imprudently incurred costs." To that end, D.85-06-115 required rate case review as a prerequisite to CHCF funding in order to prevent the utilities from drawing unnecessarily from the fund.

A later decision, D.88-07-022, recognized that the Commission "could not process the rate filings of all the ITCs (local exchange companies) at once." With that in mind, D.88-07-022 permitted the utilities to draw from the fund based on revenue reductions associated with certain regulatory changes (such as reductions in access charges to interexchange carriers) and without rate case review. The decision anticipated that the potential for abuse of the fund would be offset by "encouraging timely rate review by (sic) each LEC." We therefore established a phase-down of funding over a three-year period. This goal of encouraging timely rate review, however, has not been met. None of the utilities receiving CHCF funding have proposed a general rate case over the past three years and none appear ready to do so before the phase-down is complete at the end of 1992. Notwithstanding our stated intent, we may yet be required to process the rate filings of all CHCF participants at once when CHCF funding is eliminated at the end of 1992.

The elimination of the requirement for the utilities to initiate rate review has had unintended effects. Some utilities which have drawn from the fund have realized rates of return substantially higher than those authorized. The funds have not been used to keep local rates down, as intended; to the contrary,

interLATA toll rates are probably higher as a result of draws from the fund because interLATA rates support the fund.

The utilities present several arguments against changing the CHCF rules. Roseville states that the CHCF replaces, on a "revenue neutral basis," revenues lost due to regulatory actions. It states that "one goal of the CHCF is to ensure that LECs would not be harmed or benefited by either cost responsibility shifts or the cap on local rates." However, Roseville cites no Commission decision or other document which states that a goal of the CHCF is to insure that regulatory actions are "revenue neutral" to the LECs. While the effect of the CHCF may have been to retain "revenue neutrality," this is not its goal. Its goal is to insure stable local exchange rates.

CUCC characterizes the CHCF as an entitlements program for the LECs. The LECs state that the Commission cannot change funding rules without full evidentiary hearings because LECs will not otherwise have an opportunity to realize their authorized rates of return. The fund is not an entitlements program, however. Moreover, the purpose of the fund was not to protect the utilities but to protect their ratepayers. As set forth in D.85-06-115 and D.88-07-022, the Commission designed the fund to prevent local telephone rates from rising to levels which could jeopardize our goal of making telephone service available to as many Californians as possible.

Funding recipients argue that limiting their draws from the CHCF would deny them an opportunity to make their authorized rates of return, contrary to the Public Utilities Code. We disagree. Limiting CHCF funding to amounts which would not allow a utility to exceed its authorized rate of return would not deny the utility an opportunity to earn its authorized rate of return. Nor would it deny the utilities an opportunity to raise revenues. An LEC that believes its revenues may be insufficient to realize a

reasonable return may file a general rate application. While formal consideration of such filings may place a burden on Commission resources, it is among the Commission's primary obligations. The avoidance of general rate case review is not a sound reason for continuing CHCF funding which is otherwise unjustified.

The record in this proceeding contains no evidence or argument which convinces us to retain the existing CHCF rules. We will modify the rules set forth in D.88-07-022 so that the utilities may collect from the CHCF using their authorized rates of returns as a baseline. The LECs may collect only up to 80% of the permitted funding levels in 1991 and up to 50% in 1992, even if the LEC would need higher levels in order to reach authorized rates of return.

Winterhaven, Roseville, AT&T, and CUCC recommend that if the Commission considers their rates of return in determining their funding, it should use estimated returns for the coming year, rather than recent past returns. AT&T proposes a foward-looking methodology and compares its proposal to the attrition filings of Pacific Bell and GTE California, Inc. (GTEC) prior to the adoption of our new regulatory framework in D.89-10-031. DRA proposes a somewhat modified proposal which bases funding levels on seven months of past recorded data.

We decline to adopt a purely forward-looking estimate of future year returns calculated using an attrition-type methodology such as that proposed by AT&T. We agree that a forward-looking estimate may be conceptually reasonable. Although AT&T's proposal is thoughtful and conceptually consistent with attrition offset methodologies we have used, we agree with the utilities that such a methodology would be complex and controversial. It would require estimates of inflation, productivity, the effects of anticipated regulatory changes, and possibly other indices. These estimates could require costly hearings and use resources which would be

better spent on general rate cases. On balance, we do not believe that such an exercise would be worthwhile considering the amounts at stake, especially in light of the phase-down of funding for utilities which have not initiated rate reviews. Instead, we will use recorded financial data as a guide for CHCF funding. DRA's proposed means test provides a reasonable guide for estimating funding eligibility for the upcoming year and is comparable to the method we used to determine Pacific Bell's and GTEC's "start-up" revenue requirement in I.87-11-033. We will adopt DRA's proposal because it allows us to retain a simple method of allocating funds while taking into consideration utility earnings. As DRA suggests, its means test would not be used in the first year after a general rate case decision, but would apply in subsequent years.

DRA's proposal would not violate the prohibition on retroactive ratemaking. First, using recorded information to estimate future revenue requirements does not in itself represent retroactive ratemaking. In general rate case proceedings the Commission commonly uses recorded information to determine reasonable future costs. Second, and more important, DRA's proposal would not change past or present utility rates. The methodology forms the basis for changing future revenues. The revenue source is a fund, not a rate, and it is not even supported by the rates of small LECs.

We also agree with AT&T and DRA that we should reconsider the funding annually; that is, funding granted in one year should not be automatically flowed through to future years. Although rates are not adjusted between formal rate reviews, CHCF support should be. That support should not be used to keep utility earnings at levels which exceed those authorized by the Commission.

The use of past recorded data could provide the LECs with an incentive to spend beyond authorized levels in order to qualify for funding at the designated level. We will not increase utilities' revenues in hopes that they will spend less. General

rate case reviews point up unusual spending patterns and we will look unfavorably on any evidence that a utility has spent funds inappropriately. Moreover, the CHCF phase-down provides that utilities will receive progressively less funding between rate cases. Any incentive to overspend would therefore be short-lived. Given the historic high earnings of several utilities, the potential benefits of the rule changes will outweigh any liabilities.

The LECs argue that the intent of the rules is to eliminate the phase-down after a general rate case decision is reached. We disagree. The CHCF phase-down is to be reinitiated upon resolution of a general rate case. Otherwise, the utilities would have no need to file subsequent general rate case applications, filings which are the primary purpose of the phase-down.

Finally, we comment that Winterhaven, a current recipient of CHCF revenues, does not have an authorized rate of return upon which to base CHCF funding. Winterhaven has never had a general rate case proceeding, although one is anticipated in the near future. Its draw from the CHCF is relatively small. Until Winterhaven's first general rate case is resolved, we will limit its draw from the CHCF to amounts which produce a rate of return no greater than the highest authorized rate of return for a California LEC.

Findings of Fact

1. The CHCF was adopted in D.85-06-115 to mitigate the effects of certain regulatory changes on the local rates of utilities in rural and high-cost areas of the state.

2. The CHCF is funded from revenues collected for interLATA toll rates.

3. D.90-12-080 set in motion a review of CHCF rules which permit CHCF support to utilities that make in excess of authorized rates of return.

4. D.85-06-115 required rate case review as a prerequisite to CHCF support in order to prevent the utilities from drawing unnecessarily from the fund. D.88-07-022 modified CHCF rules to eliminate the requirement that utilities initiate a rate case review before drawing from the fund on the basis that the Commission could not process the many anticipated general rate cases.

5. D.88-07-022 established a phase-down of CHCF support for utilities which have not filed general rate case applications under which 80% of funding would be available in 1991 and 50% of funding would be available in 1992. Funding would be eliminated in 1993 for utilities that had not initiated a general rate case proceeding. The phase-down of funding was intended to encourage utilities to file general rate case applications.

6. Some utilities which have drawn from the CHCF have realized rates of return in excess of those authorized.

7. An LEC which anticipates unacceptably low returns may initiate general rate case proceedings.

8. Changing the CHCF rules to limit funding amounts which produce no more than a utility's authorized rate of return will not deny the utility an opportunity to earn its authorized rate of return.

9. Forecasting utility returns using an attrition-type methodology could be complex and controversial.

10. Using recently recorded data as a baseline for determining eligibility for CHCF support would be relatively simple and non-controversial.

11. Because the purpose of the CHCF is to protect local rates, automatically renewing CHCF funding each year serves no purpose.

12. The purpose of the CHCF phase-down is to encourage the LECs to file general rate applications. In order to fulfill this objective, the phase-down must be reinitiated after each general rate application is resolved.

13. Winterhaven does not have an authorized rate of return because it has never had a general rate case review.

Conclusions of Law

1. Limiting CHCF support to amounts which permit the utility to earn up to its authorized rate of return does not violate the prohibition against retroactive ratemaking.

2. Limiting CHCF support to amounts which would permit the utility to earn up to its authorized rate of return does not contravene a utility's right to seek rate relief.

3. The Commission should modify CHCF rules to limit CHCF support to amounts which would provide, based on a forecast, no more than a utility's authorized rate of return using a "means test" as proposed by DRA. The means test should apply seven months of most-recently recorded data on rate of return as a basis for determining appropriate funding levels for the utility.

4. The Commission should clarify its rules to provide that CHCF support should not be automatically renewed each year and that all requests for CHCF support should be subject to the means test in annual submittals to be filed on October 1.

5. The Commission should clarify its rules to provide that the phase-down of CHCF support will be reinitiated the year after resolution of a general rate case.

6. Using the means test proposed by DRA, Winterhaven should be eligible for CHCF support in amounts which would permit Winterhaven to earn up to the prevailing highest authorized rate of return for a California LEC until such time as the Commission authorizes a rate of return for Winterhaven.

7. Because some LECs may file for increased CHCF support in the near future, this decision should be made effective today.

O R D E R

IT IS ORDERED that the rules authorized for implementation of the California High Cost Fund (CHCF) is modified as set forth below and in Appendix A of this order:

1. CHCF support will permit the utilities to earn up to their authorized rates of return. The basis for calculating the amount of CHCF which would allow the utility to earn up to its authorized rate of return shall be the most recent 7 months of recorded data on the utility's rate of return;

2. Eligibility for all CHCF support shall be contingent upon a finding that forecasted earnings shall not exceed the utility's authorized rate of return, based on 7 months of recent recorded data. Eligibility must be established each time the utility seeks additional CHCF funding and, for funding granted in past years, pursuant to an advice letter filed October 1 of each funding year;

3. The phase-down of CHCF funding shall be reinitiated after a new revenue requirement for the utility is adopted in the general rate case review;

4. In seeking CHCF support, any utility which does not have an authorized rate of return shall apply the highest rate of return authorized for a local exchange company by the Commission until the Commission

establishes a rate of return for that utility.

This order is effective today.

Dated May 8, 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

NEAL J. SHULMAN, Executive Director

Implementation of the California Intrastate High Cost Fund

A. 1988 Settlements Effects and HCP Filings

Each rural and small metropolitan exchange telephone company shall file an advice letter implementing the tariffs necessary to collect on a "flow-through" basis the settlement effects revenue impact specified for such company in the foregoing opinion. Such advice letter tariff filings shall become effective concurrently with implementation of the revised Pacific Bell rate design set forth in this decision.

Such advice letters shall calculate the impact of each company's net settlements effects upon its present level of local exchange revenues and shall additionally describe the rate design necessary to adjust present local exchange revenue levels to reflect the specified settlements effects impact. The company's average local exchange rates contained in any rate design proposed by such advice letter filings shall not exceed the target level of 150% of comparable California urban rates, a standard to be measured generally by a target R-1 flat rate of $8.35 monthly. Presently authorized rates shall not, however, be reduced to this target level by operation of this mechanism. Any proposals for an exception to this rule shall be addressed separately to the Commission. The 150% level of comparable California urban rates shall constitute a benchmark against which specific company rate designs are measured rather than a rigid requirement that each rate design element be set at 150% of the underlying urban rate.

Those companies with a revised local exchange revenue requirement (the sum of the present level of local exchange revenues and the net positive and negative settlements effects for such company herein specified) which cannot be met from the local exchange rate designs incorporating the 150% threshold shall be eligible to receive the balance of their revised local exchange

revenue requirement from the HCF, and each such company's advice letter shall set forth calculations of its HCF funding requirements for the year 1988, adjusted for the partial year. Companies with revised local exchange revenue requirements which can be met from rate design adjustments contained in their advice letters shall not receive HCF funding during 1988.

B. Annual Settlements Effects and HCF Adjustments

In each succeeding year, each rural and small metropolitan company shall file with the Commission an advice letter incorporating the net settlements effects upon such company of regulatory changes ordered by the Commission and the Federal Communications Commission (FCC). These advice letter filings will include the previously authorized annual filings for interLATA SPF to SLU shifts set forth in D.85-06-115 as well as all other regulatory changes of industry-wide effect such as changes in levels of interstate high cost funding, interstate NTS assignment, other FCC-ordered changes in separations and accounting methodology and Commission-ordered changes such as rate changes affecting access charges, intraLATA toll or EAS settlements revenues, interLATA separations shifts and the effects of other Commission decisions which increase or decrease settlements revenues or cost assignments.

Utilities shall be eligible for support from the fund in amounts which are forecasted to result in earnings not to exceed authorized rates of return estimated using seven months of most recently recorded financial data. Funding levels from past years shall be subject to this limitation in each succeeding year. For purposes of determining amounts for which a utility may be eligible, utilities which do not have an authorized rate of return shall apply the highest rate of return authorized by the Commission for a local exchange company.

Each company shall file an advice letter by October 1 of each year (commencing October 1, 1988) setting forth the net increase or decrease from these factors upon that portion of its revenue requirement which must be met from its local exchange rate design. The advice letter and supporting workpapers shall also set forth proposed revisions to the company's local exchange rate design to compensate for the net positive or negative settlements effects while maintaining the overall rate design within the 150% guidelines as most recently defined by Commission decision and further calculating any resultant increases or decreases in the company's HCF funding requirements. The filing shall include most recent seven months of recorded data regarding the utility's rate of return. The advice letter shall be reviewed by the Commission Advisory and Compliance Division (CACD) and incorporated, as approved, in Commission resolutions to take effect by January 1 of the year following filing. The CACD staff shall coordinate the advice letter filing process each year with all local exchange companies through appropriate procedures.

C. HCF Funding and Administration

The HCF funding process shall be administered by Pacific Bell (Pacific), and the HCF shall function as a separate fund rather than as a pool. HCF funding shall be provided by a uniform incremental amount on the carrier common line charge (CCLC) of all local exchange company interLATA access tariffs. Concurrently with this decision and in each succeeding year, Pacific shall determine the total statewide HCF funding requirement based on the funding requirements identified in the advice letters described in (1) paragraph A for 1988 and (2) paragraph B for succeeding years, and shall coordinate the filing of appropriate advice letter modifications to all California exchange carrier access charge tariffs to generate the calculated level of HCF revenue requirement.

The HCF funding increment shall be adjusted each January 1 to implement the annual revisions to HCF funding requirements. The HCF access charge increment may also be adjusted not more often than quarterly during any year where revision is required to compensate for any overcollection or undercollection of the then-current Commission authorized fund revenue requirement, including adjustments caused by variation in actual and projected usage used in developing the HCF CCL increment and adjustments caused by any mid-year changes in the funding revenue requirement due to decisions in pending rate proceedings or any other decisions of the Commission affecting the HCF funding level. Any end-of-year HCF fund residual amount (positive or negative) shall be netted with the succeeding year's HCF prospective funding requirement.

HCF funding adjustments shall be coordinated by Pacific in conjunction with other local exchange companies and the CACD staff. Each exchange carrier shall remit monthly to Pacific for the HCF that portion of the CCLCs collected from the HCF access charge increment, and Pacific shall make disbursements monthly from the fund to each recipient local exchange carrier. Pacific shall not separately account for any incremental administrative costs incurred by it in administering the HCF fund, but rather it shall treat such costs as additional expenses of administering the access charge pool.

D. Rate Proceedings and Funding Levels

HCF funding shall continue at 100% of the Commission authorized funding requirement for the years 1988 and 1989. The HCF support level for those local exchange companies which have not initiated a general rate proceeding, either under General Order 96-A or by a general rate case application, by December 31, 1990, shall be reduced during the year 1991, so that such a company shall receive only 80% of the amount of funds that would otherwise be paid to it from the HCF during 1991. The HCF funding level for

those companies not initiating rate proceedings by December 31, 1991, shall be further reduced to 50% of the funding requirement during the year 1992, and HCF funding for those companies which have not initiated rate proceedings by December 31, 1992, shall terminate entirely in 1993. A company's initiation of a general rate proceeding prior to the end of 1990 shall freeze its funding level at 100% during the pendency of its rate proceeding. A company's initiation of a general rate proceeding during 1991 shall freeze its 80% funding level during the pendency of its rate proceeding, and a company's initiation of a rate proceeding during 1992 shall similarly freeze its funding at the 50% level pending its rate decision.

The issuance of a Commission decision or resolution in a general rate proceeding of an independent company will have the effect of a "fresh start" for that company under the HCF plan. Specifically, the phase-down of funding shall be reinitiated the year following a decision in a utility's general rate proceeding. The company's rate case decision will specify its new local exchange rate design and state whether the company is to receive HCF support as part of its newly adopted revenue requirement and rate design. In years following the decision in the general rate proceeding, the company will continue to file annual advice letters reflecting net incremental changes of the type described in paragraph B and corresponding adjustments in its local exchange rate design and HCF funding amounts.

(END OF APPENDIX A)

APPENDIX B

Additional Appearances

Respondents: Kim C. Mahoney, for CP National, D. C. Williams, for Evans Telephone Company; Messrs. Davis, Young, Beck & Mendelson, by Sheila A. Brutoco, Attorney at Law, for same group of 12 independents LECs; Timothy J. McCallion, for GTE California Incorporated; Phil Quigley, for Pacific Bell; and Messrs. Thelen, Marrin, Johnson & Bridges, by Andrew Mulitz, Attorney at Law, for Citizens Utilities of California.

Interested Parties: Steven J. Anderson, for Centrex User Group of Northern California; Jerry Appleby, for Security Pacific Automation Company; Stephen P. Bowen, Attorney at Law, for MCI Telecommunications Corporation; Robert Bral, for Bittel Telecommunications Corporation; Roger R. Bruhn, for Lockheed Missiles & Space Company; Peter A. Casciato, Attorney at Law, for Cable & Wireless Communications, Inc.; Paul Fadelli, for Senator Herschel Rosenthal; William G. Irving, for County of Los Angeles; Michael A. Morris, Janice F. Hill, and William M. Winter, Attorneys at Law, for California Cable Television Association; Kuichi Okumura, for the Division of Consumer Advocacy, State of Hawaii; Barry A. Ross, for California Telephone Association; Louise Renne, City Attorney, by Leonard L. Snaider, Deputy City Attorney, for the City and County of San Francisco; Nancy Thompson, for Barakat, Howard & Chamberlin; Messrs. Wilkie, Farr & Gallagher, by Theodore C. Whitehouse, Attorney at Law, for The Dun & Bradstreet Corporation and the Reuben H. Donnelley Corporation; Charles Faubion, Attorney at Law, for Tymnet, McDonnell Douglas Network Systems Company; Norman T. Stout, for Northern Telecom, Inc.; Gold, Marks, Ring & Pepper, by Lessing Gold, Attorney at Law, for Western Burglar & Fire Alarm Association; Peter A. Howley and Messrs. Blumenfeld, Cohen & Waitzkin, by Jeffery Blumenfeld, Attorney at Law, for CENTEX Telemanagement, Inc.; C. Kingston Cole, for Pacific Rim Group; Roger L. Conkling, for the University of Portland; Frederic S. Glynn, III, for Ranger Telecommunications; Messrs. Graham & James, by Rachelle B. Chong, for California Payphone Association; James K. Hahn, City Attorney, by Edward J. Perez, Asst. City Attorney, for City of Los Angeles; and Edward Duncan, William Victor, and Sidney J. Webb; for themselves.

Division of Ratepayer Advocates: Helen M. Mickiewicz, Attorney at Law, and Terry L. Murray.

(END OF APPENDIX B)