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Decision 92-11-021 November 6, 1992

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on the  
Commission's Own Motion to Adopt  
Reporting Requirements for Electric,  
Gas, and Telephone Utilities  
Regarding Their Affiliate  
Transactions.

R. 92-08-008  
(Filed August 11, 1992)

ORDER GRANTING PARTIAL STAY

Pacific Telesis Group (Pacific Telesis), AT&T Communications of California, Inc. (AT&T-C), McCaw Cellular Communications, Inc. (McCaw), and Los Angeles Cellular Telephone Company (LA Cellular) have filed applications for a stay of Rulemaking 92-08-008. GTE California, Inc. (GTEC), CP National, Evans Telephone Company, GTE West Coast Incorporated, Kernan Telephone Company, Pinnacles Telephone Company, Siskiyou Telephone Company and Tuolumne Telephone Company (Smaller Independent LECs I), Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, Happy Valley Telephone Company, Hornitos Telephone Company, The Ponderosa Telephone Company, Sierra Telephone Company, Inc., The Volcano Telephone Company (Smaller LECs II), Roseville Telephone Company, MCI Telecommunications Corporation (MCI), Contel of California (Contel) have filed responses which support the applications for stay of the rulemaking. The Commission's Division of Ratepayer Advocates (DRA) has filed opposition responses to the applications of

AT&T-C, Pacific Telesis, LA Cellular and McCaw. California Cable Television Association (CCTA) has presented the Commission with a late-filed response opposing Pacific Telesis' application.<sup>1</sup>

The reporting requirements of this Order Instituting Rulemaking (OIR) are a method by which the Commission staff can review, monitor and, we anticipate, successfully audit significant transactions between public utilities and their affiliated entities in compliance with Public Utilities Code sections 587 and 797. This order granting partial stay concerns only the telephone utilities. We therefore take this opportunity to clarify that we expect those responding to this Rulemaking to use a "best efforts" approach in responding to the OIR. If the respondents are unable to provide us with all required information they must file a verified statement detailing the efforts they made to obtain the information, reasons they are unable to comply with the rulemaking and describe the information they are unable to present. We note that Ordering Paragraph 3 of the OIR directs the utilities to track and monitor the cost of staff time needed to prepare the annual reports.

We also understand that many of the affected telephone utilities are concerned about their ability to comply with the deadline imposed by the Rulemaking due to the volume of information which must be produced by December 31, 1992. We have chosen to structure this rulemaking in this manner in order to gather information so that the comments on the proposed rule relate to the experience gained in obtaining the information. Therefore, it is essential that the parties use their best efforts to compile the requested data. In order to assist in this process we shall extend the time within which the responses for the years 1989, 1990 and 1991 are due to January 29, 1993.

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1. Pacific Telesis, AT&T-C, and LA Cellular have also filed applications for rehearing of Rulemaking 92-08-008. A decision on this application will be forthcoming at a later date.

We also will take this opportunity to clarify section II H of Appendix A to the Rulemaking concerning the transfer of employees to impose limitation on reporting to utility employees who have commenced employment with an affiliated entity within six months after leaving the utility.

We are mindful of the quantity of data requested under this rulemaking as well as the need to carefully review that data. Accordingly, we will, in addition, order a partial stay until March 1, 1993, for reporting on those specific items referenced in Appendix A to Rulemaking 92-08-008 which we set forth in the ordering paragraphs below.

Therefore, **IT IS ORDERED** that reporting of the following items is stayed as to the telephone utilities until March 1, 1993:

1. Information concerning "[a]ny other company besides the utility that owns 5% or more of the affiliated entity." (Appendix A, Section II A at p.7.)

2. The procedural and accounting safeguards listed in Appendix A, Section II B, on pages 8-10, for Non-Dominant Inter-Exchange Carriers (NDIEC) telephone utilities, cellular resellers and radiotelephone corporations.

3. The procedural and accounting safeguards listed in Appendix A, Section II B, numbers 2 and 3, on page 9, with respect to all contracts involving less than \$1,000, concerning the "non-competitive utilities."

4. Reporting of all tariffed telecommunications services as set forth in Section II C of Appendix A, entitled "Utility Provision of Goods and Services To Its Affiliated Entities."

5. Section II C of Appendix A, entitled "Utility Provision of Goods And Services To Its Affiliated Entities" for facilities-based cellular services.

6. Section II D of Appendix A, entitled "Affiliated Entities Provision of Goods And Services To The Utility" for facilities-based cellular carriers.

7. Section II G of Appendix A, entitled "Financial Transactions" for nonconsolidated subsidiaries of the controlling corporations.

**IT IS FURTHER ORDERED:**

8. That the December 31, 1992 date specified in Ordering Paragraph 2 of Rulemaking 92-08-008 is extended for the telephone utilities to January 29, 1993.

9. That a six months-from-the-date-of-transfer limitation is imposed on Section II H of Appendix A to the Rulemaking.

10. That any required information the utilities are unable to provide must be reasonably described and the reasons the data cannot be obtained, as well as the efforts expended to obtain the information, must be set forth in a verified statement.

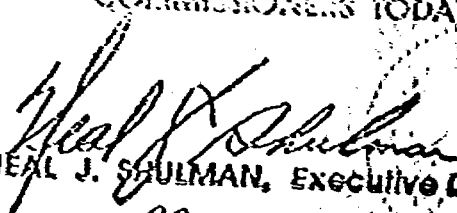
11. That, except as granted herein, the applications for stay of Rulemaking 92-08-008 are denied.

This order is effective today.

Dated November 6, 1992, at San Francisco, California.

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

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

  
NEAL J. SHULMAN, Executive Director