

L/SE/lq

ORIGINAL

Decision 82 07 117 JUL 21 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of GENERAL TELEPHONE COMPANY OF CALIFORNIA, a corporation, for authority to increase certain intrastate rates and charges for telephone service.

Application 60340  
(Filed March 10, 1981;  
amended April 6, 1981)

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; and of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a California corporation; and of all the telephone corporations listed in Appendix A, attached hereto.

OII 88  
(Filed April 7, 1981)

ORDER MODIFYING DECISION (D.) 82-04-028  
AND DENYING REHEARING

A petition for rehearing of D.82-04-028 has been filed by General Telephone Company of California. We have carefully considered each and every allegation of legal error and are of the opinion that good cause for granting rehearing has not been shown.

However, D.82-04-028 should be modified to provide additional clarification of the Commission's position and findings of fact on each material issue. Therefore,

IT IS ORDERED that,

1. D.82-04-028 is modified as follows:

The following sentence is added to line 3 on page 42:

"The testimony of staff witness Geigenmuller estimating local service revenues of \$442,963,000 appears to be reasonable and is adopted."

The following sentence is added to the second paragraph on page 82:

"However, as subsequently discussed, Engineering Analysis' method of using 0.94% of the weighted average utility plant in service for test year 1982 eliminates any risk of double-counting and is reasonable."

The following sentences are added to the first full paragraph on page 129 of the decision:

"The testimony of CAUSE WEST witness Kaitz supports central-office-by-central-office reporting. The Cities of Los Angeles and Santa Monica supported a penalty based on this type of reporting. This approach also facilitates tying the rate level to the specific pockets of problems."

The following discussion is added to page 130a of the decision as the last paragraph:

"The credit of \$1.40 is a reasonable and equitable amount to be imposed as a penalty. It represents approximately 25 percent of the basic exchange rate, which was specifically recommended by the City of Santa Monica as a reasonable monthly reduction for inadequate service. This amount is also reasonably likely to fulfill the purposes of a penalty while causing no undue adverse financial impact on the company. The overall annual magnitude of the penalty is likely to be roughly equivalent to the \$7.4 million annual service penalty which resulted from the reduction in the return on common equity imposed in Decision 92366, assuming, as existing service records indicate, that it is probable that no more than 25 percent of General's customers would be impacted by the penalty at any one time. In addition, it possesses the equity advantages of tying the rate level to the specific pockets of problems."

The following Findings of Fact are added to the decision:

"15b. Engineering Analysis' method of using 0.94% of the weighted average utility plant in service for test year 1982 to estimate materials and supplies appears to be reasonable and is adopted."

"35a. The surcredit of \$1.40 a line is reasonably likely to fulfill the purposes of a penalty while causing no undue adverse financial effect on the company."

"41. The staff's method of estimating local service revenues appears to be reasonable and is adopted."

2. Rehearing of D.82-04-028 as modified herein is denied.

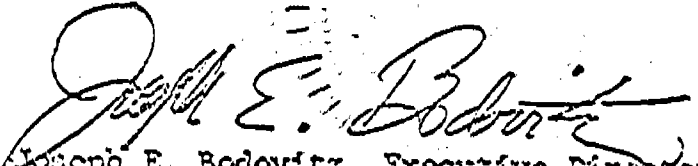
This order is effective today.

Dated JUL 21 1982, at San Francisco, California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
VICTOR CALVO  
PRISCILLA C. CREW  
Commissioners

Commissioner Leonard M. Grimes, Jr.,  
being necessarily absent, did not  
participate.

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

  
Joseph E. Bodovitz, Executive Director

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ALT.

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