

Decision 83 04 021 APR 6 1983**ORIGINAL**

## BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application )  
 of PACIFIC TELEPHONE & TELEGRAPH )  
 COMPANY, a corporation, for )  
 authority to increase certain )  
 intrastate rates and charges )  
 applicable to telephone services )  
 furnished within the State of )  
 California due to increased )  
 depreciation expense. )

Application 82-11-07  
 (Filed November 4, 1982)

In the Matter of the Application )  
 of THE PACIFIC TELEPHONE AND )  
 TELEGRAPH COMPANY, a corporation, )  
 for authority to increase certain )  
 intrastate rates and charges )  
 applicable to telephone services )  
 furnished within the State of )  
 California. )

Application 83-01-22  
 (Filed January 17, 1983)

(See Prehearing Conference Memorandum, Attachment A,  
 dated March 15, 1983, in Application 83-01-22 for appearances.)

Application 82-11-07 Appearances

Marlin D. Ard, Attorney at Law, for The  
 Pacific Telephone and Telegraph Company,  
 applicant.  
John Witt, City Attorney, by William  
Shaffran Attorney at Law, for the City of  
 San Diego, interested party.  
Dean Evans, for the Commission staff.

INTERIM ORDER ON PROCEDURAL MOTIONS

Applicant's Bifurcation Request

Applicant in these proceedings, The Pacific Telephone and Telegraph Company (PT&T), in Application (A.) 83-01-22 requests that consideration of that application be bifurcated into a revenue requirement phase and a rate spread phase. PT&T declared that:

"Upon the conclusion of the revenue requirement phase of the case, Pacific may request interim rate relief, pending final resolution of the rate spread phase of the case. Such relief would be requested by separate motion."

A prehearing conference in A.83-01-22 was held in San Francisco on February 24, 1983. Counsel for PT&T stated that it was the utility's intention to present to the Commission, some time in July, the effects of divestiture of PT&T by its parent corporation, American Telephone and Telegraph Company (AT&T). Counsel also indicated that PT&T planned, as the proceeding progressed, to make current the revised results of operation. Two of PT&T's witnesses have declared that they intend to file supplemental testimony as the case progressed.

After comments by the other parties and on alternate oral motion by Toward Utility Rate Normalization (TURN), PT&T's counsel declared that he would submit a written motion seeking rate relief following a revenue requirement phase and in advance of a rate spread phase.

TURN's Motion

After being apprised of PT&T's intentions, TURN moved that the Commission deny the application without prejudice to its being refiled in January 1984, or, as an alternative, that the Commission defer action until the July revisions are made. TURN's motion was supported by all the interested parties asking to be heard. The staff recommended that the Commission proceed with the case as

contemplated in the Commission's Rate Case Plan (RCP).<sup>1</sup> A copy of the schedule according to the RCP is attached as Attachment 1 to this ruling.

Administrative Law Judge's Action

The administrative law judge (ALJ) expressed his opinion that the assigned Commissioner, Priscilla C. Grew, did not possess authority to rule on either party's motion. Granting of TURN's motion would require a substantial departure from the schedule prescribed by the RCP. Since that schedule had been established by formal Commission action, substantial variance from the plan would also require formal action by the full Commission. Alternatively, TURN's motion contemplates the final determination of the proceeding. Rule 63 of the Commission's Rules of Practice and Procedure reserves final determination of proceedings to the Commission itself.

PT&T's Proposal

PT&T filed its written motion on March 4, 1983. The utility proposes that the first phase of the rate case deal with PT&T's 1983 test year results of operations and that an interim order be issued not later than September 28, 1983. The interim decision would establish PT&T's revenue requirements and provide for a method, such as a surcharge on some or all basic exchange rates, to recover the established revenue requirements.

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<sup>1</sup> The Rate Case Plan is the Commission's standing plan and schedule for processing major utility general rate cases. The most recent version, adopted October 20, 1982, by Resolution ALJ-149 and modified slightly by Decision (D.) 82-12-072, is a successor to a previous plan known as the "Regulatory Lag Plan for Major Utility General Rate Cases", which was adopted by Resolution A-4693 dated July 6, 1977 and modified by Resolution M-4706 dated June 5, 1979.

The second phase would adjust the established revenue requirements for PT&T's 1984 estimates to recognize the effects of divestiture. The second phase would also consider rate spread and the establishment of access charges.<sup>2</sup>

PT&T's Proposed Schedule

PT&T supplied a schedule for its proposed bifurcated proceeding as an attachment to the written motion. The text of the motion contains a general description of the schedule but the description is not precise. There are discrepancies between the textual description and the numerically defined schedule in the attachment.

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<sup>2</sup> "Access charges" are tariff charges assessed for origination and termination of interexchange service. The terms for interstate access charges are specified by the "Third Report and Order" dated February 23, 1983 in FCC Docket CCN 78-72 Phase I and are to be effective by January 1, 1984.

The following list of target events and associated scheduling data was compiled from PT&T's attachment:

<u>PT&amp;T Proposed Target Events</u>	<u>Date 1983</u>	<u>Rate Case Plan Day Number</u>	<u>Working Days Required From Previous Event</u>
<u>Phase I</u>			
Hearing Start	4/18	91	-
Hearings End	7/1	166	54*
Briefs Filed	8/1	197	20*
Oral Replies	8/10	222	7
Decision Issued	9/28	255	35
<u>Phase II</u>			
Hearings Start on Rate Spread	8/8	204	-
Hearings End on Rate Spread	9/23	250	33*
Update Material Filed	10/11	268	15*
Hearings Start on Update and Rebuttal	10/18	275	5
Hearings End on Update and Rebuttal	10/28	285	10
Concurrent Briefs	11/23	311	17*
Oral Replies	12/6	324	8*
Decision Issued	12/30	348	17*

\*Excludes State holidays.

PT&T recognizes that its schedule is based on estimates of the extent of cross-examination and the availability of post-divestiture data. The utility warns that subsequent events may require adjustment in the proposed schedule and, accordingly, PT&T proposes that its schedule be used as a guideline. PT&T suggests that the Commission confirm the ALJ's authority to adjust the schedule as necessary.

PT&T's proposed schedule is attached to this ruling as Attachment 2.

PT&T's Justification of Bifurcation

In support of bifurcation, PT&T, in its written motion, postulates that its proposal would permit the orderly and efficient development of the information which has so concerned the parties to the case. The 1983 results of operations presented by PT&T are, it states, the first opportunity for the Commission to see the effects of the Federal Communications Commission's (FCC) Second Computer Inquiry, which will continue in effect in 1984. Further, because PT&T must be in a solid financial position as it approaches divestiture and because divestiture may not occur as early in 1984 as is currently planned, the utility argues that consideration of the 1983 results of operations are especially important. According to PT&T the consolidation of A.82-11-07 with A.83-01-22<sup>3</sup> makes early consideration of the 1983 results of operations even more urgent. In addition, the 1983 results of operations must form the basis for considering the effects of divestiture. Similarly, the post-divestiture rate spread must be considered in relation to proposed access charges. PT&T maintains that these concerns would be most efficiently addressed by phasing this proceeding in accordance with its proposal.

PT&T notes the Commission has phased other utility cases processed under the RCP or predecessor regulatory lag plans. For instance, both the current and prior Pacific Gas and Electric Company (PG&E) applications (A.60153 and A.82-12-48) have been and are being handled with separate sets of hearings for revenue requirements and rate spread. Similarly, A.59788 by San Diego Gas & Electric Company

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<sup>3</sup> A.83-01-22, PT&T's application for increase in annual revenues of \$165.9 million to offset increased depreciation expense was, subsequent to the prehearing conference in A.82-11-07, consolidated with A.83-01-22 by ALJ Porter's ruling of March 3, 1983.

was handled in phases under the effective regulatory lag plan with separate briefing of the phases. Thus, PT&T asserts, there is ample precedent for the phasing it proposes. Furthermore, according to PT&T, its proposal accomplishes the stated objective of the RCP to devise a procedure that is workable, avoids unnecessary regulatory delay, and is fair.

TURN's Position

At the prehearing conference TURN declared that information on the 1983 test year would have no validity in view of the drastic restructuring facing the company, and that its review would be a waste of six months' of the staff's and parties' time.

In its written response to PT&T's motion, TURN points out that under the regulatory lag plan then effective PT&T could have filed to seek 1983 relief on a timely basis. TURN also questions whether relief is required. TURN speculates that divestiture may eliminate subsidies so that exchange surcharges will be unneeded.

TURN's position is that:

"It is imperative that no rate increase whatsoever be issued until all issues, including rate design, are heard. [PT&T's] proposal of allocating the immediate sought rate hikes to the basic exchange services will be challenged in the California Supreme Court as a decision made without supporting evidence. The rate design aspects of any pending telephone increase will generate as much interest and heat as the revenue requirement and rate of return issues. A rate case must be considered in all of its parts and not the selected few that [PT&T] prescribes."

TURN concludes its reply by asking that, should PT&T's plan be adopted, an immediate hearing be held to reduce the 17.4% return on common equity granted by the Commission's 1981 rate decision "to a more realistic present and prospective prevailing figure."

Positions of Other  
Interested Parties

At the prehearing conference, TURN's oral motion was supported by all the interested parties asking to be heard. Written responses in opposition to PT&T's motion to phase the proceeding were filed by the Cities of San Francisco and San Diego (Cities), jointly, by the California Bankers Clearing House Association (CBCHA) and the Tele-Communications Association (TCA), jointly, and by the Western Burglar and Fire-Alarm Association (WEFAA).

The Cities argue that PT&T by collateral attack<sup>4</sup> is challenging the Commission's RCP. The Cities contend that other utilities and all intervenors are able to function under the RCP and that a major electric and a major gas utility, each having a 1983 test year, have already had their cases completed and rates adopted. The Cities say that while PT&T's motion explains in detail how the company can be given expedited special treatment in a "rush to judgment" proceeding, the filing provides no basis why PT&T, which filed its case late, should be given such special treatment. PT&T, not the Commission, chose a date on which PT&T filed its case and therefore PT&T must live with that consequence and the RCP. According to the Cities, there is no defect in the RCP. The plan provides extremely stringent time constraints and the Cities assert that no justification has been provided for even further constraints.

The Cities urge the Commission not to set rates without receipt of relevant rate evidence. They reject the current PG&E application cited by PT&T as valid precedent. Although the PG&E

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<sup>4</sup> Collateral attack is an attempt to avoid the force and effect of a judicial proceeding in an incidental proceeding not provided by law for the express purpose of attacking the primary proceeding.



application is being handled by two ALJs, one of whom is handling rate design and the other the remainder of the case, all testimony in the PG&E case is being heard within the time frame and conditions of the RCP. The plan has not been amended to accommodate this type of phasing. The decision and the briefs will be based on a total record, not a record lacking rate design evidence. The Cities declare that rates should be adopted only after the full record is available upon which the Commission can decide the ultimate issues and upon which parties may present argument. The Cities do not object to the phasing method used in the PG&E case.

The Cities close their statement by saying:

"Rate design is an integral issue to rate setting. Rate design evidence must [precede] the rate setting, not follow it as [PT&T] proposes. It is legally impermissible to set rates without listening to relevant evidence. [PT&T] proposes simply to set rates then listen to relevant evidence on rate design. The hanging must follow the trial."

CBCHA and TCA, in their response, state that PT&T is making the unprecedented request that it be allowed to file, prosecute, and obtain rate relief in two general rate proceedings in 1983. While the Commission's RCP calls for the processing of one general rate proceeding every two years, PT&T's motion would simply turn the plan on its head, allowing PT&T to obtain rate relief three months sooner than it would have if the proceedings were to follow their normal course. The rates thus established would not reflect the actual conditions facing PT&T after January 1, 1984, so a second rate case, based on test year 1984 conditions, would be processed during the second half of 1983. The rates prescribed in 1983 could not be in effect for more than three months.

CBCHA and TCA submit that PT&T's proposal would result in a tremendous waste of time, effort, and dollars by all the parties to

the proceeding. They concede that PT&T is free to seek emergency interim relief in 1983 but strongly oppose two successive full scale rate cases. They support processing a single test year 1984 case on an expedited basis beginning in July 1983, leading to a decision at the end of the year.

WBFAA submits that the proposal of PT&T is not orderly, plays havoc with the RCP, and is unfair to the public and to the interested parties in this proceeding. The interested parties and the public should be able to rely on the material filed with the application and on the final rate spread of the staff which is due on RCP Day 84 for the purposes of determining how or in what manner they will participate in this proceeding.

Should the proceeding be bifurcated, orderly discovery would be impossible. Without knowing the rate spread and supporting cost studies, WBFAA asks, how can an interested party effectively conduct discovery on these issues and when would that discovery begin? Under PT&T's revised plan the rate spread would not be tendered until Day 170, yet hearings would commence 34 days later and the testimony of interested parties would be due 41 days later. It would be impossible for the staff, interested parties, or the public to respond properly to the rate spread under such a schedule. WBFAA observes PT&T's response to discovery demands has been slow in previous rate cases, making it preposterous to assume that a full and fair hearing could be conducted within the time frame PT&T has proposed.

#### Staff Recommendations

In its reply the staff said that it does not oppose the start of hearings in mid-April as proposed by PT&T. There appear to be material benefits to establishing an up-to-date rate base on which to make adjustments reflecting divestiture.

Given the foreseeable magnitude of the two filings proposed in July, the staff believes the July-August interval for review to be too short for adequate preparation. The staff recommends that the hearing schedule be determined according to the completeness and accuracy of the underlying work papers submitted in support of the July filing as well as the volume of material to be reviewed. Although the staff has received assurance that work papers for the July filings could be available as early as the end of May, Judge Greene<sup>5</sup> may not have completed his review of AT&T's Plan of Reorganization by that time. Changes in the work papers may be required following Judge Greene's ruling. The proposed start of hearings in August should be changed accordingly. The staff notes that, under orders of the FCC, interstate access charges will go into effect on January 1, 1984. An interim order in the rate design phase of this case may therefore be necessary to establish intrastate access charges effective January 1, 1984.

Accordingly, the staff proposes that a further prehearing conference should be held after the filings are made to establish a reasonable hearing schedule to allow adequate opportunity for discovery and preparation of testimony and exhibits. Further scheduling conferences may be necessary as the situation changes.

The staff cautions that extreme care should be taken to avoid a rush to judgment. The major restructuring of the Bell System and of the telecommunications industry should not be allowed to overshadow this proceeding so as to prevent the development of a full and adequate record for the protection of ratepayers.

The staff warns that an equitable rate structure should be developed before rate relief is granted. The rate design phase

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<sup>5</sup> Judge Harold H. Greene of the District of Columbia, Federal District Court. Judge Greene is the judge in the United States v. AT&T anti-trust case.

should be completed before granting any rate relief unless the Commission determines that overriding financial considerations require interim relief in order to protect the public.

Staff refers to press predictions that the restructured operations of PT&T could result in rate increases of substantial magnitude. Such increases are attributed to major shifts in cost allocations to various classes of service resulting from reorganization. These events form the background for PT&T's evolving ratemaking philosophy of developing rates for each class of service based on the costs associated with the particular service.

Because of the substantial changes in cost weighting foreseeable in the rate design phase of this proceeding due to reorganization, the loss of toll revenues and the imposition of the customer access line charge, the rate design may draw upon revenue sources proportionately different from previous years. Accordingly, the staff forecasts that the rate design to recover the revenue requirements developed in the results of operations phase of the case will be intimately interrelated with the development of the cost data in the results of operations phase.

In order to assure an equitable spread of revenue requirements over the rate classifications, the staff believes that rates should not be raised on an interim basis. The rate design portion of the record should be completed first to achieve the most equitable result. The only overriding consideration would be a finding by the Commission that the immediate financial requirements of the company are such that an interim increase would be necessary to maintain adequate levels of service to the public.

Should the Commission decide it is expedient to phase the proceeding in order to assign a second ALJ to preside over the rate design portion of the case, the staff recommends that both

proceedings should be on a consolidated record consecutively. Appropriate intervals should be designated for briefing each phase as necessary. This would allow effective participation by interested parties.

Consolidation of Proceedings  
And Press Release

Subsequent to the prehearing conference, A.82-11-07 was consolidated by ALJ's ruling with A.83-01-22. This ruling was issued on March 3, 1983 and granted a motion by the City and County of San Francisco. The ruling declared that the public witness hearings scheduled for March 15, 1983 in San Francisco and March 16, 1983 in Los Angeles would be held as scheduled, so as not to inconvenience the public.

The staff had prepared exhibits and testimony in A.82-11-07 and asked the ALJ to reserve hearing dates in the near future so that the staff involved could complete their work and be free for other assignments. The ALJ reserved tentative hearing dates. Before they were cleared with the assigned Commissioner, they were inadvertently incorporated in a March 9 press release announcing the consolidation.

Several of the parties referred to the press release in their responses as a sinister indication that the Commission has prejudged the parties' positions. Such is not the case. The reserved hearing dates never appeared on the Commission's Daily Calendar and they have since been made available for other proceedings. Since the reserved dates were never approved by the assigned Commissioner, or any of the other Commissioners, they cannot be construed as indicating any prejudgment by the Commission as to the merits of the motions or of the parties' responses.

Evaluation of Commission Authority

In evaluating the requests and positions of the parties and its staff, the Commission takes official notice of the historical context on which they were made.

The impending restructuring of the Bell System is an unprecedented legal and business event, except for the dismemberment of the Standard Oil Trust (Standard Oil Co. v United States (1911) 22 US1 55 L.Ed. 619). The electric holding company divestitures of the 1930s pale in comparison. The Commission's RCP, while designed to cope with turbulent economic times, presumes a stable corporate, legal, and regulatory environment. Needless to say, the communications utilities do not enjoy prospects of such stability at the present time. Their upheaval is compounded by a simultaneous technological revolution.

PT&T's proposed schedule, while appearing ambitious beyond the power of the Commission to accommodate, is still merely a proposal to adjust the RCP to conform to conditions as perceived by PT&T. It does not appear to be an attack on the plan itself, either collateral or head on.

The Commission cannot adhere stubbornly to the strictures of RCP, without considering the effect of abnormal circumstances, circumstances presently peculiar to communications utilities. If it did, the Commission would abandon its responsibility to establish rates and charges which are just and reasonable under prevailing and reasonably foreseeable circumstances. (PU Code § 451.) In the early days of the Commission's history the Supreme Court found that the Commission could depart from its established rules, so long as rights of the parties were maintained (Ghriest v CRC (1915) 170 Cal. 63).

The Commission will, therefore, conclude that it may take advantage of its duly conferred power and will use common sense in applying the RCP to this proceeding, and, if the procedural facts warrant, modify the RCP schedule to accommodate existing circumstances as the Commission perceives them.

Several parties maintain that the Commission is constrained from granting an interim rate increase "until all issues, including

rate design, are heard." If the Commission accepted such a restriction, it would have been paralyzed in the face of the two OPEC fuel price shocks. Similarly, it would now be prevented from flowing through the savings resulting from the deescalation of oil costs. Fuel cost electric and gas rate adjustments pursuant to the Commission's Energy Cost Adjustment Clause (ECAC) and Consolidated Adjustment Mechanism (CAM) are typically made several times a year without exhaustive consideration of rate spread evidence.

The California Supreme Court long ago determined that the Commission had "a very large, if not almost an unlimited discretion with relation to the inception, order, and conduct of proceeding before it" (Saunby v CRC (1923) 191 Cal. 226).

The Commission therefore finds that if the facts so indicate it may adjust rates on an interim basis before concluding evidentiary hearings on all the issues.

Consideration of  
TURN Request for Delay

As mentioned in the Cities' response, PT&T was entitled under the RLP, to file for a general rate increase, effective January 1983. It did not do so. Even under PT&T's optimistic schedule, a rate adjustment could not be made until the first of October, nine months late. TURN's proposals would extend the effective date of a rate adjustment from six months to a year. In the meantime, the external forces operating on the utility as a result of many years of inflation will continue to operate. Among these are: maturation of old lower cost debt and its replacement by new higher cost debt; retirement of obsolete plant and replacement by modern plant; addition of new plant to meet continuing growth of demand; issuance of debt at present higher cost to pay for plant additions; and escalating wage rates built into collective bargaining contracts.

Although PT&T did not take its regular turn according to the Regulatory Lag Plan and RCP, the Commission agreed to process PT&T's rate increase application. When PT&T postponed its filing, it did so at some risk that the Commission, its staff, and interested parties would not be able to accommodate an expedited proceeding. The Commission is committed, however, to a schedule that balances the interests of all parties, including PT&T.

The Commission will deny TURN's motions for further delay in this proceeding and will proceed to consider how it can best accommodate the demands on its resources of this most unusual rate case.

#### Formulation of a Schedule

The schedule proposed by PT&T is a cruncher, to say the least, and appears to have been prepared without consultation with the Commission staff regarding the capabilities of this agency. The time allocated for the various activities in PT&T's proposed Phase II is not realistic. The most glaring example of PT&T's unrealistic expectations is its proposal to allow a mere 17 days to weigh evidence and argument on the most drastic rate restructuring of the company's history, to formulate reasoned findings and conclusions, to draft a decision that would withstand court scrutiny, to review, to type, and to distribute the decision, and for it to receive careful consideration by the assigned Commissioner and by the Commission as a body. The Commission's acceptance of PT&T's schedule could be construed as an advance adoption of PT&T's showing as the decision, because there would be no time to consider any alternative.



PT&T's proposal for 11 straight weeks of hearing in Phase I<sup>6</sup> and seven in Phase II, with no interval for other necessary activity, is also unrealistic. The Commission is processing two other major rate cases concurrently with PT&T's. Hearing days have already been reserved for the three major cases, and provision must be made for smaller proceedings which are as important to the participants as this proceeding is to PT&T. The 15 hearing days per month announced by the ALJ at the prehearing conference are already taxing the Commission's capacity to the limit.

More than 15 days of hearing a month would require a massive expenditure of voluntary overtime as the Commission's budget will not permit any expansion of paid overtime. The Commission does not intend to impose voluntary overtime for the purpose of accelerating the processing of this rate case.

Apparently, PT&T misunderstands the Commission's capabilities as PT&T's proposal for an interim decision on RCP Day 255 suggests. Concerning a possible interim revenue adjustment, the RCP states:

Day 255

The Executive Director and appropriate division directors shall recommend to the assigned Commissioner whether to consider granting a partial general rate increase or decrease.

To suggest that the Commission construe this directive, which plainly contemplates merely a recommendation to consider whether an interim decision should be prepared, as calling for a finished decision, complete with findings, conclusions, and order, duly deliberated and voted on by the Commission, is to suggest to the Commission that it does not understand its own RCP.

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<sup>6</sup> The text of PT&T's motion calls for nine weeks, but the attachment to the motion sets out 11 straight weeks.

The scheduling recommendations of the staff in this case deserve special consideration by the Commission for two reasons. The first is that the staff has practical experience with the processes of the Commission and the time required for their operation. The second reason is that the staff does not materially benefit by acceleration or delay.

Summarized, the staff recommendations are:

1. Results of Operation (R/O) hearings start April 18.
2. Rate spread hearings should not start in August but adequate time provided for review of PT&T's post-divestiture R/O and rate spread proposal for July 5 (RCP Day 169) by PT&T's proposed schedule.
3. A further prehearing conference should be scheduled after the July 5 filings are made.
4. Rates should not be increased on an interim basis unless the Commission determines overriding financial considerations so require. The rate design portion of the record should be completed first.
5. An interim order may be necessary to establish intrastate access charges effective January 1, 1984.
6. Should the Commission decide to phase the proceeding in order to assign a second ALJ to preside over rate design, both proceedings should be on a consolidated record consecutively. Appropriate intervals should be allowed for briefing each phase.

#### Prescribed Schedule

If this case is to proceed with "the orderly and efficient development of the information" which PT&T seeks, the record cannot be kept in a state of turmoil by constant revision. The intended normal functioning of the RCP requires procedural stability. The plan therefore provides that the applicant's final exhibits, prepared

testimony, and other evidence are to be filed and served with the application. No major revision may be made until Day 265, and revisions made at that time must be confined to a narrowly restricted list of categories. The spirit of the RCP must be maintained if there is to be an orderly and efficient development of information in this proceeding. This spirit requires the setting of definitive but realistic target dates for introduction into the proceeding of the information necessary to recognize the divestiture of PT&T by AT&T and the reconstituting of the nation's communications system.

Orderly processing can best be accomplished by bifurcating the proceeding, as requested by PT&T, into two phases. One phase would cover R/O and the other, rate design. Each phase would be referred to a separate ALJ. Each phase must be scheduled to accommodate the substantial changes which will be imposed on PT&T by its divestiture by AT&T.

Three key events bear upon the scheduling of the proceeding. These are the already calendared first day of hearing on April 18, the submission of post-divestiture data by PT&T on July 5, 1983 as designated in PT&T's proposed schedule, and the January 1, 1984 effective date for access charges.

Of these three, we are especially concerned with the resolution of access charges because of the effects of the recent FCC ruling on PT&T and its customers. We believe the most reasonable course is to proceed to evaluate PT&T's R/O as filed, without modification. The purpose of evaluating the R/O as filed is to establish a 1983 rate base and revenue requirement so that adjustments can be made for the effects of divestiture and access charges which will be effective in 1984. Only if the results of the proceeding so warrant, will we consider adjusting present rates on an interim basis to take effect January 1, 1984. At that time, we will take into account the matter of access charges to the extent appropriate.

The Commission will therefore proceed to examine the R/O as filed, considering the evidence available as to the access charges. If the record so warrants, we will consider issuing a joint interim decision on these matters which would be submitted by the two ALJs to the Chief ALJ on September 29, 1983, Day 255 under the RCP. The Commission's clerical staff would have limited, but sufficient, time to process the interim decision draft for the Commission's consideration. The Commission would then have the option to issue an order establishing interim rates (if the R/O record and extraordinary circumstances surrounding divestiture so warrant), including intrastate access charges, to be effective January 1, 1984.

The Commission's decision to proceed to examine the R/O as filed should not be construed as a predetermination that rate relief will be granted. Our primary goal is to provide a baseline R/O to account for the effects of divestiture and access charges, as discussed previously. The following discussion of the mechanics of implementing rate relief should not be misunderstood; we merely intend to keep the option of granting rate relief open in the event PT&T sustains its burden, and demonstrates overriding financial need for rate relief. Assuming that PT&T sustains this heavy burden, we will then have the flexibility to act.

We now proceed to a discussion of the mechanics of implementing an interim rate decision, should the Commission find that overriding financial considerations require emergency action to authorize interim adjustments. Any such interim adjustments would be made on a surcharge basis. Hearings on surcharge design will be held during the week of June 27, 1983, with the primary issues for consideration to be:

1. Which classes of service should bear the surcharge.
2. Whether the surcharge should be a uniform percentage increase in the rates or charges for the various classes of service affected.

3. Whether any simple exceptions to such a uniform percentage surcharge are feasible and, if so, what they should be.
4. To what extent and in what ways the impending divestiture must necessarily be taken into account in fashioning interim surcharges.
5. Whether the impending divestiture necessitates negative interim surcharges with respect to rates or charges for any classes of service.

Submissions of testimony and evidence on these issues should be formulated in cognizance of the compelling need for simplicity in

surcharge design, the availability of only one week for hearings on this subject, and the fact that interim surcharges, if authorized, will be in effect for no more than a few months prior to authorization of a final rate design reflecting the effects of divestiture.

The staff will be expected to submit its prepared testimony and evidence on surcharge design by the same date as its rate design exhibits are due, April 25, 1983, Day 99 under the RCP. Exhibits on surcharge design are to be submitted by intervenors by May 13, 1983, Day 113 under the RCP. PT&T also should submit evidence on surcharge design by Day 113, including alternative designs addressing the issue of whether it is practical to apply an interim surcharge to intrastate message toll services (intraexchange and/or interexchange) and, if so, how such a surcharge should be set.

In order to provide adequate time to consider issues related to the determination of intrastate access charges and to reach a decision on these matters to be effective January 1, 1984, the Commission will require PT&T to file no later than June 30, 1983, its planned application for authority to establish such access charges. PT&T will be required to provide the staff with its preliminary design and work papers related to access charges no later than May 30, 1983.

Upon completion by the ALJs of their interim draft order, should one be required, hearings would resume. Rate design, except for access charges and the determination of interim surcharges, if any, would be taken up for the first time, and effects of the divestiture on rates would be included in that consideration. Hearings on the R/O, updated for the divestiture, would not proceed concurrently with rate design. Two additional days for public witness hearings will be scheduled in mid-November to give the public an opportunity to comment on the effects of divestiture on rates.

One of the constraints operating in the proceeding is that limited resources of the intervenors will not permit concurrent hearings, nor hearings during briefing periods. Thus, the adopted schedule will provide for rate design issues and divestiture issues to be heard on different days. Under this schedule, the ALJs would submit their joint decision draft on April 13, 1984, Day 452 of the RCP, and a decision would be anticipated before June 1, 1984.

In its filing on Day 169 showing the effects of divestiture on its results of operations, we expect PT&T to submit results for the three entities which the Commission will be regulating after divestiture: PT&T, AT&T's intrastate toll company, and the "embedded base organization" providing customer premises equipment under regulation. These three companies comprise the current operations of PT&T, and we would expect that the combination of the results of operations for the three companies would equal the total company results we arrive at in this general rate case. We put parties on notice that in the final decision based on the record developed in this case, we expect to set rates not only for what remains of PT&T, but also for the two AT&T subsidiaries operating in California.

The Commission's adopted processing plan for this proceeding is shown in detail in Attachment 3 to this ruling. Should the July filing of divestiture information by PT&T not permit adequate evaluation of the effects of divestiture, the schedule will be extended accordingly. The schedule provides for an additional prehearing conference on July 11 to consider scheduling revisions as appropriate. The Commission delegates to the assigned Commissioner the authority to permit deviation from this schedule should procedural conditions indicate.

The Commission believes that this schedule would meet most of the concerns of the parties. The effort expended in analyzing the initial filing would not be wasted but would lead to the consideration of the establishment of interim rates. Should the

record indicate at the time of the interim decision that the present allowed return on equity should be modified, it could be changed at that time. If rate relief is not indicated, as some of the parties imply, that fact will be apparent from the record as developed.

We believe our adopted schedule will allow the case to proceed in an orderly manner, and permit the parties to decide on the extent of their participation. With the cooperation and good will of the parties, this case, which probably is the most procedurally unusual the Commission has encountered, can progress as expeditiously and efficiently as the regulatory process allows.

Because this ruling does not permit the postponement requested by TURN, TURN's motion will be denied. Because hearings are scheduled to begin on April 18, 1983, which is less than two weeks from today, this order should be effective immediately.

Findings of Fact

1. Because of the circumstances of this rate case concerning the divestiture of PT&T by AT&T and changes in the federal scheme of regulating communications utilities, the Commission's presently established RCP is procedurally inadequate.
2. The Commission's workload can permit the processing of this proceeding during 1983 and 1984.
3. PT&T's rate increase applications, although not filed on a timely basis, according to the RCP and its predecessor Regulatory Lag Plan, can be processed so that they will not subject any of the parties to disadvantage or interfere with any of their rights.
4. Bifurcation of the proceeding will facilitate processing of this proceeding in an orderly and efficient manner.
5. The Commission cannot fairly adjudicate PT&T's applications under the accelerated schedule proposed by PT&T.
6. The schedule established by this order is a reasonable schedule for the processing of this consolidated proceeding.



Conclusions of Law

1. The request of PT&T for a variance from the Commission's RCP does not constitute a collateral attack on the RCP.
2. The Commission possesses legal authority to modify the RCP when circumstances require.
3. The assigned Commissioner should be granted authority to permit deviation from the established schedule should procedural conditions indicate.
4. PT&T's motion, to the extent that it conforms to the schedule established by this order, should be granted.
5. TURN's motion should be denied.

O R D E R

IT IS ORDERED that:

1. The schedule attached to this order as Attachment 3 is established as the schedule for processing A.82-11-07 and A.83-01-22.
2. The Pacific Telephone and Telegraph Company (PT&T) shall file its application for authority to establish intrastate access charges no later than June 30, 1983, with preliminary design and work papers related to access charges to be provided to the staff no later than May 30, 1983.
3. To the extent that PT&T's motion conforms to the established schedule, the motion is granted.
4. The assigned Commissioner has authority to permit deviation from this schedule.

5. The motion of Toward Utility Rate Normalization is denied.  
This order is effective today.

Dated April 6, 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.  
President

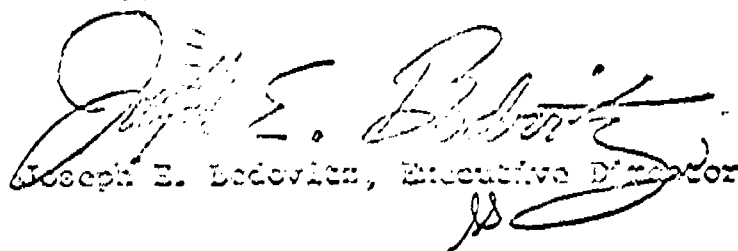
VICTOR CALVO

PRISCILLA C. GREW

DONALD VIAL

Commissioners

I CERTIFY THAT THIS DECISION  
WAS MADE BY THE BOARD ABOVE  
CONVENEED AND VOTED.

  
Joseph E. Ledevich, Executive Director

NOI AND APPLICATION TIME SCHEDULE  
Per Dec. 82-12-072

<u>Date</u>	<u>Day Schedule</u>	
August 30, 1982	Tendered	<u>Within 25 days after tendering, applicant to be informed of decisions.</u>
November 17, 1982	-60	NOI filed.
November 24	-53	ALJ and Staff Counsel assigned.
November 26	-52	Informal Conferences (Applicant, Staff, Interested Parties) - Runs from Day -52 through -35.
December 13 *	-35	ALJ set date for prehearing conference
January 17, 1983 *	0	Application filed.
February 24	40	Prehearing conference
April 4 *	77	Staffs submits final exhibits except rate spread
April 11 *	84	Staff final rate spread exhibit filed
April 18 *	91	<u>Hearings start</u> Issues and areas of agreement designated. At least 15 days of hearing per month.
April 26	100	Appl. re notice of date, etc. for public witness hearings. (Appendix C)
May 13	117	Interested parties evidence
June 15-27	150-160	Public witness hearing held concurrently with evidentiary hearings to complete according to this plan.
July 5	170	Applicant, staff and other parties file rebuttal exhibits.
July 11 *	175	ALJ and assigned Comm. to provide status report to Comm. with issues and positions of parties and schedule for remaining hearings and submission date.
August 4	200	<u>Hearings completed</u> except updates scheduled Day 275. ALJ may require comparison exhibit.
September 6 *	230	Concurrent briefs
September 28	255	The Executive Director and appropriate division directors shall recommend consideration of a partial general rate increase or decrease.
October 11 *	265	All parties may file update material (Appendix D to RCPP)
October 18	275	Abbreviated hearings begin re update exhibits.
October 24 *	280	Last day of evidentiary hearings.
November 14 *	300	Draft decision to Chief ALJ's office.
January 16, 1983	365	Final decision expected by this date.

\* Day fell on Weekend or Holiday - Next work day used

PACIFIC TELEPHONE PROPOSAL  
APPLICATION -01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 1

Date	Phase I	Phase II	Description
	1983 Revenue Requirement and Attrition Mechanism Day Schedule	1984 Overlay & Rate Spread Day Schedule	
January 17*	0		Application filed.
February 24	40		Prehearing conference.
April 4*	77		Staff submits final exhibits except rate spread, and attrition.
April 18-22*	91-95		Evidentiary hearings begin Phase I Revenue Requirement 1983 (applicant).
April 25	99		Staff submits attrition exhibit.
April 25-29	99-103		Continued evidentiary hearings (applicant).
April 26	100		Applicant re-notice of date, etc. for public witness hearings. (Appendix C)
May 2*	104		Staff and other interested parties submit comments on Rules.
May 2-6	106-110		Continued evidentiary hearings (applicant).
May 9-13	113-119		Continued evidentiary hearings (applicant).
May 13	113		Interested parties evidence filed.
May 16-20	120-124		Continued evidentiary hearings (Staff).
May 23-27	127-131		Continued evidentiary hearings (Staff).

\* Day fell on Weekend or Holiday - Next work day used

A-82-11-07, A-83-01-22 /ALJ/Km/vd1 \*

PACIFIC TELEPHONE PROPOSAL  
APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 2

<u>Date</u>	<u>Phase I</u> <u>1983 Revenue Requirement</u> <u>and Attrition Mechanism</u>	<u>Phase II</u> <u>1984 Overlay &amp; Rate Spread</u>	<u>Description</u>
	<u>Day Schedule</u>	<u>Day Schedule</u>	
May 30-June 3	134-138		Continued evidentiary hearings (Staff).
June 6-10	141-145		Continued evidentiary hearings (Interested Parties).
June 13	148		Continued evidentiary hearings (Interested Parties).
June 14	149		Public hearings SF afternoon & evening.
June 15	150		Public hearings SF daytime.
June 16-17	151-152		Evidentiary hearings SF (Interested Parties).
June 20	155		Public hearings SD evening.
June 20	155		Applicant Staff & Interested Parties file rebuttal exhibits.
June 21	156		Public hearings LA evening.
June 22	157		Public hearings LA daytime.
June 23-24	158-159		Rebuttal to the extent Public hearings are not required (applicant, Staff & Interested Parties).
June 27-July 1	162-166		Continued Rebuttal (applicant, Staff & Interested Parties).

\* Day fell on Weekend or Holiday - Next work day used

A.82-11-07, A.83-01-22 / PLS/Km/vcl \* ✓

PACIFIC TELEPHONE PROPOSAL  
APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 3

<u>Date</u>	<u>Phase I 1983 Revenue Requirement and Attrition Mechanism Day Schedule</u>	<u>Phase II 1984 Overlay &amp; Rate Spread Day Schedule</u>	<u>Description</u>
July 1	166		Record closed Phase I Revenue Requirements.
July 5		170	Applicant files Phase II post divestiture results of operations and rate spread exhibits.
July 11*	175		ALJ and assigned Commissioner to provide status report to Commission with issues, positions of parties, schedule for remaining hearings and submission date.
August 1	197		File simultaneous Briefs-Phase I (applicant, Staff & Interested Parties).
August 1	197		Applicant shall begin notice of amended application.
August 8-12		204-208	Evidentiary hearings begin Phase II (applicant).
August 10	206		Oral replies to Phase I Briefs: case on Phase I submitted.
August 15		211	Staff & Interested Parties prefiled testimony and exhibits - Phase II.
August 15-19		211-215	Continued evidentiary hearings Phase II (applicant).
August 22-26		218-222	Continued evidentiary hearings and public witness hearings Phase II (applicant).

\* Day fell on Weekend or Holiday - Next work day used

A-82-11-07, A-83-01-22 /ALJ/cm/vd1 \*

PACIFIC TELEPHONE PROPOSAL  
APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 4

A-82-11-07, A-83-01-22 /ALJ/Km/vd1 \*

Date	Phase I	Phase II	Description
	1983 Revenue Requirement and Attrition Mechanism Day Schedule	1984 Overlay & Rate Spread Day Schedule	
August 29-September 2		225-229	Continued evidentiary hearings Phase II (staff).
September 6-9		233-236	Continued evidentiary hearings Phase II (staff).
September 12-16		239-243	Continued evidentiary hearings Phase II (Interested Parties).
September 19-23		246-250	Continued evidentiary hearings Phase II (Interested Parties).
September 28	255		Interim order Phase I.
October 11*		265	All parties may file updated material (Appendix D to Rate Case Plan).
October 18		275-278	Evidentiary hearings on updated material and rebuttal material (all parties).
October 24-28		281-285	Evidentiary hearings on updated material and rebuttal material (all parties).
November 23		311	Concurrent briefs - Phase II.
December 6		324	Oral replies - Phase II.
December 30		348	Decision - Phase II.

\* Day fell on Weekend or Holiday - Next work day used

3/1/83

(END OF ATTACHMENT 2)

ATTACHMENT 3  
Page 1THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY  
A.82-11-07 and A.83-01-22  
Schedule for Processing Consolidated Proceeding

<u>Date</u>	<u>Schedule Day</u>	<u>Results of Operations Events</u>	<u>Rate Design Events</u>
1/17/83	0	Application Filed	Application Filed
2/24	38	Prehearing Conference	
3/14&15	56&57	Public Witness Hearings, First Series	
4/4	77	Staff R/O Exhibits Distributed	
4/18	91	Hearings Start - R/O as Filed	
4/25	98	Staff Attrition Exhibits Distributed	Staff Rate Design Exhibits Distributed and Sur- charge Design
4/26	99		Notice of Public Witness Hearings, A-83-01-22
5/13	116	Interested Parties R/O Evidence Distributed	PT&T and Interested Parties Surcharge Design Evidence Dist.
5/30	133		Access Charge Design & Work Papers Provided to Staff
6/15	149		Public Witness Hearings Second Series
6/24	158	Hearing End - R/O as Filed	Public Witness Hearings Second Series
6/27	161		Hearings Start - Surcharge Design
6/30	164		Access Charge Application Filed
7/1	165		Hearings End - Surcharge Design



ATTACHMENT 3  
Page 2

7/5	169	Divestiture R/O Effects Furnished by PT&T	Divestiture and Access Charge Rate Effects Distributed by PT&T
7/11	175	Joint Prehearing Conference to discuss Divestiture R/O and Access Charge Schedule Revisions	Joint Prehearing Conference to discuss Divestiture R/O and Access Charge Schedule Revisions
7/29	193	Briefs Filed - R/O as Filed	
8/5	200	Oral Replies - R/O as	Staff and Interested Parties Access Charge Evidence Distributed
8/18	213		Hearing Start - Access Charge
9/8	234		Hearings End - Access Charge
9/27	253	Staff Divestiture R/O Effects Distributed	
9/29	255	ALJs Submit Interim Decision Draft, if required, to Chief ALJ, R/O as Filed and Access Charge	ALJs Submit Interim Decision Draft, if required, to Chief ALJ, R/O as Filed and Access Charge
10/3	259	Joint Prehearing Conference	Joint Prehearing Conference
10/4	260		Hearings Start - Divestiture Rate Design
10/6	262	Hearings Start, Divestiture R/O	
10/7	263		Staff Divestiture Rate Design Evidence Distributed
10/21	277		Interested Parties, Divestiture Rate Design Evidence Distributed
11/14 & 11/18	301 & 305		Public Witness Hearings, Third Series

ATTACHMENT 3  
Page 3

12/7	324	Interim Decision Issues, if required, R/O as Filed and Access Charge	Interim Decision Issues, if required, R/O as Filed and Access Charge	✓
1/1/84	349	Interim Rates, if required, and Access Charge in Effect	Interim Rates, if required, and Access Charge in Effect	
1/13	361	Hearings End, Divestiture R/O		
1/20	368		Hearings End, Rate Design	
2/24	403	Briefs Filed, Divestiture R/O and Rate Design	Briefs Filed, Divestiture R/O and Rate Design	
3/2	410	Oral Replies, Divestiture R/O and Rate Design	Oral Replies, Divestiture R/O and Rate Design	
4/6	445	Final Decision Draft to Chief ALJ	Final Decision Draft to Chief ALJ	
5/30	499	Final Decision Issues	Final Decision Issues	

(END OF ATTACHMENT 3)

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COMMISSION RULING ON SUBSTANTIVE PROCEDURAL MOTIONS

Applicant's Bifurcation Request

Applicant in these proceedings, The Pacific Telephone and Telegraph Company (PT&T), in Application (A.) 83-01-22 requests that consideration of that application be bifurcated into a revenue requirement phase and a rate spread phase. PT&T declared that:

"Upon the conclusion of the revenue requirement phase of the case, Pacific may request interim rate relief, pending final resolution of the rate spread phase of the case. Such relief would be requested by separate motion."

A prehearing conference in A.83-01-22 was held in San Francisco on February 24, 1983. Counsel for PT&T stated that it was the utility's intention to present to the Commission, some time in July, the effects of divestiture of PT&T by its parent corporation, American Telephone and Telegraph Company (AT&T). Counsel also indicated that PT&T planned, as the proceeding progressed, to make current the revised results of operation. Two of PT&T's witnesses have declared that they intend to file supplemental testimony as the case progressed.

After comments by the other parties and on alternate oral motion by Toward Utility Rate Normalization (TURN), PT&T's counsel declared that he would submit a written motion seeking rate relief following a revenue requirement phase and in advance of a rate spread phase.

TURN's Motion

After being apprised of PT&T's intentions, TURN moved that the Commission deny the application without prejudice to its being refiled in January 1984, or, as an alternative, that the Commission defer action until the July revisions are made. TURN's motion was supported by all the interested parties asking to be heard. The staff recommended that the Commission proceed with the case as

The Commission will therefore proceed to examine the R/O as filed, considering the evidence available as to the access charges. If the record so warrants, we will consider issuing a joint interim decision on these matters which would be submitted by the two ALJs to the Chief ALJ on September 29, 1983, Day 255 under the RCP. The Commission's clerical staff would have limited, but sufficient, time to process the interim decision draft for the Commission's consideration. The Commission would then have the option to issue an order establishing interim rates (if the R/O record and extraordinary circumstances surrounding divestiture so warrant), including intrastate access charges, to be effective January 1, 1984.

The Commission's decision to proceed to examine the R/O as filed should not be construed as a predetermination that rate relief will be granted. Our primary goal is to provide a baseline R/O to account for the effects of divestiture and access charges, as discussed previously. The following discussion of the mechanics of implementing rate relief should not be misunderstood; we merely intend to keep the option of granting rate relief open in the event PT&T sustains its burden, and demonstrates overriding financial need for rate relief. Assuming that PT&T sustains this heavy burden, we will then have the flexibility to act.

We now proceed to a discussion of the mechanics of implementing an interim rate decision, should the Commission find that overriding financial considerations require emergency action to authorize interim adjustments. Any such interim adjustments would be made on a surcharge basis. Hearings on surcharge design will be held during the week of June 27, 1983, with the primary issues for consideration to be:

1. Which classes of service should bear the surcharge.
2. Whether the surcharge should be a uniform percentage increase in the rates or charges for the various classes of service affected.

record indicate at the time of the interim decision that the present allowed return on equity should be modified, it could be changed at that time. If rate relief is not indicated, as some of the parties imply, that fact will be apparent from the record as developed. ✓

We believe our adopted schedule will allow the case to proceed in an orderly manner, and permit the parties to decide on the extent of their participation. With the cooperation and good will of the parties, this case, which probably is the most procedurally unusual the Commission has encountered, can progress as expeditiously and efficiently as the regulatory process allows.

Because this ruling does not permit the postponement requested by TURN, TURN's motion will be denied.

#### Findings of Fact

1. Because of the circumstances of this rate case concerning the divestiture of PT&T by AT&T and changes in the federal scheme of regulating communications utilities, the Commission's presently established RCP is procedurally inadequate.

2. The Commission's workload can permit the processing of this proceeding during 1983 and 1984.

3. PT&T's rate increase applications, although not filed on a timely basis, according to the RCP and its predecessor Regulatory Lag Plan, can be processed so that they will not subject any of the parties to disadvantage or interfere with any of their rights.

4. Bifurcation of the proceeding will facilitate processing of this proceeding in an orderly and efficient manner.

5. The Commission cannot fairly adjudicate PT&T's applications under the accelerated schedule proposed by PT&T.

6. The schedule established by this order is a reasonable schedule for the processing of this consolidated proceeding.

#### Conclusions of Law

1. The request of PT&T for a variance from the Commission's RCP does not constitute a collateral attack on the RCP.

2. The Commission possesses legal authority to modify the RCP when circumstances require.

3. The assigned Commissioner should be granted authority to permit deviation from the established schedule should procedural conditions indicate.

4. PT&T's motion, to the extent that it conforms to the schedule established by this order, should be granted.

5. TURN's motion should be denied.

O R D E R

IT IS ORDERED that:

1. The schedule attached to this order as Attachment 3 is established as the schedule for processing A.82-11-07 and A.83-01-22.

2. The Pacific Telephone and Telegraph Company (PT&T) shall file its application for authority to establish intrastate access charges no later than June 30, 1983, with preliminary design and work papers related to access charges to be provided to the staff no later than May 30, 1983.

3. To the extent that PT&T's motion conforms to the established schedule, the motion is granted.

4. The assigned Commissioner has authority to permit deviation from this schedule.

5. The motion of Toward Utility Rate Normalization is denied.  
This order becomes effective ~~30 days from today.~~

Dated APR 6 1983, at San Francisco, California. KL

LEONARD M. GRIMES, JR.  
President  
VICTOR CALVO  
PRISCILLA C. GREEN  
DONALD VIAL  
Commissioners



SS  
PACIFIC TELEPHONE *Proposal*  
APPLICATION -01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 1

A-82-11-07, A-83-01-22 /ALJ/cm

Date	Phase I 1983 Revenue Requirement and Attrition Mechanism Day Schedule	Phase II 1984 Overlay & Rate Spread Day Schedule	Description
January 17*	0		Application filed.
February 24	40		Prehearing conference.
April 4*	77		Staff submits final exhibits except rate spread, and attrition.
April 18-22*	91-95		Evidentiary hearings begin Phase I Revenue Requirement 1983 (applicant).
April 25	99		Staff submits attrition exhibit.
April 25-29	99-103		Continued evidentiary hearings (applicant).
April 26	100		Applicant re-notice of date, etc. for public witness hearings. (Appendix C)
May 2*	104		Staff and other interested parties submit comments on Rules.
May 2-6	106-110		Continued evidentiary hearings (applicant).
May 9-13	113-119		Continued evidentiary hearings (applicant).
May 13	113		Interested parties evidence filed.
May 16-20	120-124		Continued evidentiary hearings (Staff).
May 23-27	127-131		Continued evidentiary hearings (Staff).

\* Day fell on Weekend or Holiday - Next work day used

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PACIFIC TELEPHONE *Proposed*  
 APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
 Page 2

Date	Phase I 1983 Revenue Requirement and Attrition Mechanism Day Schedule	Phase II 1984 Overlay & Rate Spread Day Schedule	Description
May 30-June 3	134-138		Continued evidentiary hearings (Staff).
June 6-10	141-145		Continued evidentiary hearings (Interested Parties).
June 13	148		Continued evidentiary hearings (Interested Parties).
June 14	149		Public hearings SF afternoon & evening.
June 15	150		Public hearings SF daytime.
June 16-17	151-152		Evidentiary hearings SF (Interested Parties).
June 20	155		Public hearings SD evening.
June 20	155		Applicant Staff & Interested Parties file rebuttal exhibits.
June 21	156		Public hearings IA evening.
June 22	157		Public hearings IA daytime.
June 23-24	158-159		Rebuttal to the extent Public hearings are not required (applicant, Staff & Interested Parties).
June 27-July 1	162-166		Continued Rebuttal (applicant, Staff & Interested Parties).

\* Day fell on Weekend or Holiday - Next work day used

A-82-11-07, A-83-01-22 /RUC/ren

55  
PACIFIC TELEPHONE *Pacific*  
APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 3

7-82-11-07, 7-83-01-22 /ALJ/lem

Date	Phase I 1983 Revenue Requirement and Attrition Mechanism Day Schedule	Phase II 1984 Overlay & Rate Spread Day Schedule	Description
July 1	166		Record closed Phase I Revenue Requirements.
July 5		170	Applicant files Phase II post divestiture results of operations and rate spread exhibits.
July 11*	175		ALJ and assigned Commissioner to provide status report to Commission with issues, positions of parties, schedule for remaining hearings and submission date.
August 1	197		File simultaneous Briefs-Phase I (applicant, Staff & Interested Parties).
August 1	197		Applicant shall begin notice of amended application.
August 8-12		204-208	Evidentiary hearings begin Phase II (applicant).
August 10	206		Oral replies to Phase I Briefs: case on Phase I submitted.
August 15		211	Staff & Interested Parties prefiled testimony and exhibits - Phase II.
August 15-19		211-215	Continued evidentiary hearings Phase II (applicant).
August 22-26		218-222	Continued evidentiary hearings and public witness hearings Phase II (applicant).

\* Day fell on Weekend or Holiday - Next work day used

SS  
PACIFIC TELEPHONE *Proposal*  
APPLICATION 83-01-22  
RATE CASE PLAN SCHEDULE

ATTACHMENT 2  
Page 4

<u>Date</u>	<u>Phase I 1983 Revenue Requirement and Attrition Mechanism Day Schedule</u>	<u>Phase II 1984 Overlay &amp; Rate Spread Day Schedule</u>	<u>Description</u>
August 29-September 2		225-229	Continued evidentiary hearings Phase II (staff).
September 6-9		233-236	Continued evidentiary hearings Phase II (staff).
September 12-16		239-243	Continued evidentiary hearings Phase II (Interested Parties).
September 19-23		246-250	Continued evidentiary hearings Phase II (Interested Parties).
September 28	255		Interim order Phase I.
October 11*		265	All parties may file updated material (Appendix D to Rate Case Plan).
October 18		275-278	Evidentiary hearings on updated material and rebuttal material (all parties).
October 24-28		281-285	Evidentiary hearings on updated material and rebuttal material (all parties).
November 23		311	Concurrent briefs - Phase II.
December 6		324	Oral replies - Phase II.
December 30		348	Decision - Phase II.

\* Day fell on Weekend or Holiday - Next work day used

3/1/83

(END OF ATTACHMENT 2)

A-82-11-07, A-83-01-22 /ALJ/KM