

Decision 83 95 017 MAY 4 1983

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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

Application 59849
(Filed August 1, 1980;
amended August 28, 1980
and October 14, 1980)

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

Application 59269
(Filed November 13, 1979;
amended November 15, 1979)

Re Advice Letter (PT&T) No. 13640)
to reprice certain telephone)
terminal equipment and Resolution)
No. T-10292 granting approval of)
said changes.)

Application 59858
(Filed August 1, 1980)

In the Matter of Advice Letter)
Filing No. 13641 of THE PACIFIC)
TELEPHONE AND TELEGRAPH COMPANY)
for authority to increase certain)
rates for key telephone service by)
\$30.1 million.)

Application 59888
(Filed August 19, 1980)

Investigation on the Commission's
own motion into the rates, tolls,
rules, charges, operations, costs,
separations, inter-company settle-
ments, contracts, service, and
facilities of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a California
corporation; and of all the tele-
phone corporations listed in
Appendix A, attached hereto.

OII 63
(Filed December 18, 1979)

Investigation on the Commission's
own motion into the rates, tolls,
rules, charges, operations, costs,
separations, inter-company settle-
ments, contracts, service, and
facilities of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a California
corporation; and of all the tele-
phone corporations listed in
Appendix A, attached hereto.

OII 81
(Filed August 19, 1980)

Investigation on the Commission's
own motion into the Matter of
Revision of the Accounting for
Station Connections and related
Ratemaking Effects and the Economic
Consequences of Customer-owned
Premise Wiring.

OII 84
(Filed December 2, 1980)

ORDER MODIFYING ORDERING PARAGRAPHS 10 AND 11
OF DECISION 93367

On September 23, 1982 The Pacific Telephone and Telegraph Company (Pacific) filed a petition requesting the Commission modify Ordering Paragraphs 10 and 11 of Decision (D.) 93367 dated August 4, 1982. Those paragraphs now read:

- "10. Pacific, General, Continental, and Citizens shall submit, as a part of Pacific's next major rate application, testimony and exhibits which address the feasibility of implementing ORTS in all exchanges which presently receive 'in' ORTS calls, the revenue requirement in terms of added plant and additional expenses associated with the expansion of ORTS over these additional routes, and the customer billing effects associated with implementing ORTS over the additional routes. Pacific, General, Continental, and Citizens shall also provide written notice to each of its customers who would be affected by the implementation of ORTS over the additional routes prior to submission of the testimony and exhibits.
- "11. Pacific, Roseville, General, and Citizens shall submit, as a part of Pacific's next major rate application, testimony and exhibits which address the feasibility of implementing ZUM service over the additional routes as set forth in Appendix O of Exhibit 242, the revenue requirement in terms of added plant and additional expenses associated with the expansion of ZUM over these additional routes, and the customer billing effects associated with implementing ZUM over the additional routes. Pacific, General, Roseville, and Citizens shall also provide written notice to each of its

customers who would be affected by the implementation of ZUM over the additional routes prior to submission of the testimony and exhibits."

With respect to paragraph 10, Pacific claims the filing of the required testimony and exhibits would be counter-productive and wasteful at this time because it is not feasible now to implement Optional Residential Telephone Service (ORTS) on additional routes. This is due to the fact that Pacific does not know which routes it will be able to serve after its divestiture from American Telephone and Telegraph Company. Until the final ORTS routes have been established, even the revenue requirement effects of an ORTS plan cannot be determined. Pacific's best forecast of when it could file ORTS testimony and exhibits is when it makes its planned filing in a proceeding covering a 1984 post-divestiture test year. Pacific discussed its proposed modification with General Telephone Company of California (General), Continental Telephone, and Citizens Utilities (Citizens). Those companies concur with Pacific's proposal and would file testimony and exhibits on ORTS in Pacific's proceeding and give written notice of the filings to their affected customers. ✓

Concerning paragraph 11, Pacific requests a 45-day delay for Roseville Telephone Company, General, and Citizens to submit testimony and exhibits on additional Zone Usage Measurement routes.

Pacific also requested that the notice requirements of paragraphs 10 and 11 be changed so that only one notice would have to be given to customers, and it would be given as part of the next general rate increase application notice.

On January 10, 1983 the Commission staff filed a reply to Pacific's petition. The staff does not oppose the request of Pacific to incorporate the customer notice associated with the expansion of ORTS and ZUM routes in the same notice as the rate increase application to be filed by Pacific in NOI-85.

The staff opposes Pacific's request to postpone the submission of the testimony and exhibits required by Ordering Paragraph 10 until the filing by Pacific of a 1984 test year application on a post-divestiture basis. The staff believes it is appropriate, however, to postpone consideration of possible expansion of ORTS until the Local Access Transport Areas (LATA's) contemplated under the Modified Final Judgment entered in U.S. v. AT&T et al. are established and approved. It claims the only basis cited by Pacific for any postponement in considering the expansion of ORTS is the lack of approved LATA's. The staff recommends that Pacific be ordered to make the Paragraph 10 filing within 90 days after acceptance by the Court of the implementation plan for LATA's. The U.S. District Court issued its Opinion on April 21, 1983 approving nine LATA's for California. In the alternative, Pacific should be directed to include its Paragraph 10 filing as a part of any future application to establish charges for the provision of exchange access for interchange telecommunications. The staff points out that it does not preclude Pacific from including expansion of ORTS as a part of a 1984 offset proceeding, should such proceeding be initiated within 90 days of the approval of the implementation of the LATA's.

Accordingly, the staff concurs that an ex parte order be issued modifying Ordering Paragraphs 10 and 11 of D.93367 but recommends a different modification than Pacific's.

Although Pacific was given ample time, it did not respond to the staff's comments and recommendations.

We find the staff's recommendation to be reasonable and conclude that, under Public Utilities Code Section 1708, it should be adopted as provided for in the following order.

IT IS ORDERED that Ordering Paragraphs 10 and 11 of D.93367 dated August 4, 1981, are amended to read as follows:

- "10. Pacific, General, Continental and Citizens shall submit testimony and exhibits which address (1) the feasibility of implementing ORTS in all exchanges which presently receive 'in' ORTS calls, (2) the revenue requirement in terms of added plant and additional expenses associated with the expansion of ORTS over these additional routes, (3) and the customer billing effects associated with implementing ORTS over the additional routes. Such testimony and exhibits shall be filed by July 21, 1983 or as a part of the forthcoming application to be filed by Pacific which requests authorization to establish charges for the provision of exchange access for interexchange telecommunications, whichever is the sooner. Pacific, General, Continental, and Citizens shall provide written notice to each of its customers who would be affected by the implementation of ORTS over the additional routes within 45 days after the filing of the testimony and exhibits addressing such

implementation of ORTS. For Pacific, such customer notice may be included as a part of Pacific's notice of an application which includes the testimony and exhibits addressing the implementation of ORTS over additional routes.

- "11. Pacific, Roseville, General, and Citizens shall submit, either as attachments to Pacific's next major rate application, or as separate documents filed coincident with the filing of Pacific's next major rate application (1) testimony and exhibits which address the feasibility of implementing ZUM service over the additional routes as set forth in Appendix O of Exhibit 242, (2) the revenue requirement in terms of added plant and additional expenses associated with implementing ZUM over the additional routes, and (3) the customer billing effects associated with implementing ZUM over the additional routes. Pacific shall provide written notice to each of its customers who would be affected by the implementation of ZUM over the additional routes as part of the notice given in Pacific's next major rate application. Within 45 days after the filing of Pacific's next major rate application, Roseville, General, and Citizens shall also provide written notice to each of its customers who would be affected

by the implementation of ZUM over
the additional routes."

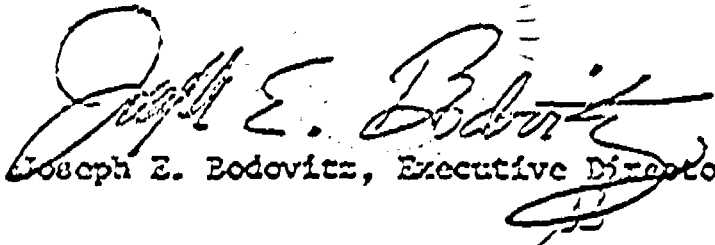
This order becomes effective 30 days from today.

Dated MAY 4 1983, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
Commissioners

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


Joseph E. Bodovitz, Executive Director



customers who would be affected by the implementation of ZUM over the additional routes prior to submission of the testimony and exhibits."

With respect to paragraph 10, Pacific claims the filing of the required testimony and exhibits would be counter-productive and wasteful at this time because it is not feasible now to implement ^{Optimal Residential Telephone Service} (ORTS) on additional routes. This is due to the fact that Pacific does not know which routes it will be able to serve after its divestiture from American Telephone and Telegraph Company. Until the final ORTS routes have been established, even the revenue requirement effects of an ORTS plan cannot be determined. Pacific's best forecast of when it could file ORTS testimony and exhibits is when it makes its planned filing in a proceeding covering a 1984 post-divestiture test year. Pacific discussed its proposed modification with General Telephone Company of California (General), Continental Telephone, and Citizens Utilities (Citizens). Those companies concur with Pacific's proposal and would file testimony and exhibits on ORTS in Pacific's proceeding and give written notice of the filings to their affected customers. K~

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SS The staff opposes Pacific's request to postpone the submission of the testimony and exhibits required by Ordering Paragraph 10 until the filing by Pacific of a 1984 test year application on a post-divestiture basis. The staff believes it is appropriate, however, to postpone consideration of possible expansion of ORTS until the Local Access Transport Areas (LATA's) contemplated under the Modified Final Judgment entered in U.S. v. AT&T et al. are established and approved. It claims the only basis cited by Pacific for any postponement in considering the expansion of ORTS is the lack of approved LATA's. The staff recommends that Pacific be ordered to make the Paragraph 10 filing within 90 days after acceptance by the Court of the implementation plan for LATA's. *The U.S. District Court issued its decision on April 21, 1983 approving 9 LATAs for California.* In the alternative, Pacific should be directed to include its Paragraph 10 filing as a part of any future application to establish charges for the provision of exchange access for interchange telecommunications. The staff points out that it does not preclude Pacific from including expansion of ORTS as a part of a 1984 offset proceeding, should such proceeding be initiated within 90 days of the approval of the implementation of the LATA's.

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by July 21, 1983