

L/WHK:ddm

Decision 84 01 032

JAN 5 1984

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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)

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 reflecting and passing)
 through to customers increased costs)
 resulting from the Federal Communi-)
 cations Commission decision in Docket)
 No. 79-105.)

Application 60510
 (Filed May 4, 1981;
 amended June 5, 1981)

ORDER DENYING REHEARING
OF DECISION (D.) 83-10-035

An application for rehearing of D.83-10-035 has been jointly filed by the City and County of San Francisco and the City of San Diego (Cities). A response to that application, asking that it be denied, has been filed by Pacific Telephone & Telegraph Company. We have carefully considered each and every allegation of error in the Cities' application and are of the opinion that good cause for granting rehearing has not been shown.

In this phase our principal concern was to grant only that increase in rates necessary to reflect Pacific's increased expenses for estimated test year 1981 which resulted from the

accounting change for station connection costs or inside wiring costs mandated by D.93728. In any test year proceeding, our objective is to determine a test-period results of operations which "...will be as nearly representative of future conditions as possible..." (Pacific Tel. & Tel. Co. v. CPUC, 62 C 2d 634, 645). As we concluded in D.83-10-035, if we accepted the Cities' suggestion that Pacific's estimated station connection expense be reduced by the intra-state portion of \$70 million, the result would have been incompatible with the later data on that item, including five months of actual expenses for 1981, which staff witness Mangold used as a check of the reasonableness of his own estimate (Record Transcript, page 875, lines 19-21). It is clear from this record the adopted figure is a far more accurate estimate of Pacific's test year expenses than would have resulted from the adjustment the Cities propose. Our choice between two or more proposed test year estimates is frequently made on the basis that one estimate had the advantage of more recent data¹ and is therefore likely to be a more accurate representation of the utility's actual experience during the period the rates will be in effect. We applied this principle in D.83-10-035. Therefore,

¹ For example, D.83-12-025, In re PT&T, pp. 25, 39, 40, 117 and 118, mimeo.; In re So. Calif. Edison, 5 CPUC 2d 39, 70, 71, 79; In re San Diego Gas & Electric Co., 5 CPUC 2d 208, 233.

IT IS ORDERED that, rehearing of D.83-10-035 is denied.
This order is effective today.

Dated JAN 5 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

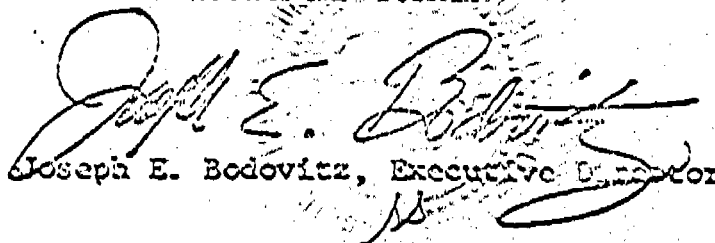
PRISCILLA C. GREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners

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


Joseph E. Bodovitz, Executive Director