

dpa
Decision No. 87081

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of)
CONTINENTAL TELEPHONE COMPANY OF)
CALIFORNIA, a California corporation,) Application No. 55376
for authority to increase its rates) (Filed December 12, 1974)
for telephone service.)

ORDER GRANTING PARTIAL
REHEARING OF DECISION NO. 86802

Continental Telephone Company of California has filed a petition for rehearing of Decision No. 86802. Petitioner suggests that the rates and charges authorized by Decision 86802 are not based solely on the 1975 results of operation, but rather on evidence supplied to the Commission on an ex parte basis. Assuming, without deciding, that this allegation is in fact true, we are convinced that petitioner should have been afforded an opportunity to rebut said evidence and offer additional evidence. However, we are also of the opinion that the 1975 results of operation may no longer provide us with an appropriate basis for predicting petitioner's future revenues. Petitioner's request for a rehearing of Decision No. 86802 provides an opportunity to (1) lay to rest petitioner's fears regarding the lack of opportunity to rebut evidence which, petitioner alleges, was employed in determining the rates and charges authorized by Decision No. 86802 and (2) determine the amount of additional revenue, if any, required to produce a 9 percent overall rate of return to petitioner based on the most recent data available to us, the 1976 recorded results of operation. We will take advantage of this opportunity by granting a partial rehearing of Decision No. 86802 for the limited purpose of determining (1) petitioner's 1976 recorded results of operation, (2) based on those results of operation, the amount of additional

revenue required, if any, to produce a 9 percent overall rate of return to petitioner, and (3) the appropriate rate spread for the production of any additional revenue found to be so required.

THEREFORE IT IS ORDERED that:

1. Partial rehearing of Decision No. 86802 is granted.
2. Said rehearing shall be limited in scope to a determination of:
 - a. The 1976 actual results of operation of the petitioner;
 - b. The amount of additional revenue required, if any, to produce, based on the 1976 actual results of operation adjusted in a manner consistent with the stipulated adjustments to the 1975 results of operation, a 9 percent overall rate of return to petitioner; and
 - c. The appropriate rate spread for the production of any revenue found to be so required.
3. Within 60 days from the effective date of this order, Petitioner shall prepare and submit to the Commission a statement of operating results based on 1976 actual operations adjusted to the stipulated basis on pages 6 and 7 of Decision No. 86802, with operating results as broken down on page 7 of that decision. Petitioner shall also prepare and submit its proposed spread of rates to produce an intrastate rate of return of 9.00 percent on these 1976 operating results.
4. All other relief requested by the petition is hereby denied.
5. Decision No. 86802 shall remain suspended pending a decision after rehearing or other order of this Commission.

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The effective date of this order is the date hereof.

Dated at San Francisco, California, this 9th day
of MARCH, 1977.

Robert Bateman

President

James L. Sturgeon

Alton

Richard D. Gault

Commissioners

Commissioner William Symons, Jr., being necessarily absent, did not participate in the disposition of this proceeding.