

ORIGINAL

Decision No. 88006 OCT 18 1977

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of General Telephone Company of California, a corporation, for authority to increase its rates and charges for telephone service.

Application No. 55383
(Filed December 16, 1974)

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.

Case No. 9911
(Filed May 6, 1975)

SUPPLEMENTAL ORDER

In Decision No. 87505, Ordering Paragraph No. 3, issued on June 28, 1977, General Telephone Company of California (General) was ordered to submit to this Commission a refund plan for an amount which, in the aggregate, will equal the increased settlement revenue received by General resulting from Decision No. 85287, up to July 18, 1977, the date upon which the rates prescribed in Decision No. 87505 became effective.

Decision No. 85531 dated March 2, 1976 modified Decision No. 85287 to include the following ordering paragraph:

"15. General will keep records of the settlement revenue received from Pacific flowing from this decision and hold the same subject to possible refund pending disposition of Application No. 55383 and until further order of the Commission."

General was not required to keep individual customer billing records for possible refund. This precludes the possibility of refunding to customers on an individual basis.

The refunds, aggregating approximately \$10 million, will be made as credits to current customer bills in January, 1978. The refunds will be proportional to the charges for main telephones and trunks for each customer as set forth in Appendix A.

A. 55383 & C. 9911 FG

The refund plan submitted by General on August 11, 1977, did not provide for the addition of interest on the refundable revenues. Refunds should include interest calculated at a rate of 7% per annum as we required in Decision No. 80346, dated August 8, 1972, in Pacific's Application No. 51774. Accordingly, we will approve General's proposed refund plan revised to include 7% interest. Refunds of those portions of the rates that reflect Federal and local income taxes shall be made without interest.

We find that General's proposed refund plan is acceptable as revised to include 7% per annum interest.

O R D E R

IT IS ORDERED that:

The General Telephone Company of California (General) shall refund to customers amounts that in the aggregate will equal the increased settlement revenues received by General resulting from Decision No. 85287, up to July 18, 1977, the date upon which the rates prescribed in Decision No. 87505 became effective. Refunds shall be made in accordance with the refund plan attached hereto as Appendix A.

The effective date of this order shall be twenty days after the date hereof.

Dated at San Francisco, California, this 18th day
of OCTOBER, 1977.

Robert Belmont
President
William L. Givens, Jr.
Vernon L. Satterman
Robert D. Howell
Clair T. Daniels
Commissioners

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GENERAL TELEPHONE COMPANY OF CALIFORNIA

REFUND PLAN

The following procedures will be used to refund the approximate \$10,000,000 derived as settlement revenues for PT&T's Decision No. 85287 for the period January 5, 1976 through July 17, 1977.

A. Computation of Basic Refundable Amount per Customer

The amount of the aggregate increased settlement revenues and the total basic exchange rate revenues will be used to develop a rate which will be applied to each customer's basic exchange rate in determining their refund as follows:

$$\frac{\text{Aggregate increased settlement revenues}}{\text{Basic exchange rate revenues--January, 1978}} = \text{rate of refund}$$

The refund rate will be applied to each current customer's basic exchange rate for one month (January, 1978). This is the earliest month that refunds can be made due to the availability of final settlement studies to determine the numerator.

B. Computation of Tax Refund

1. Local tax will be computed on individual customer refunds using applicable city and 911 state tax codes and tax rates.
2. Federal tax will be computed on individual customer refunds using applicable tax codes and rates.

C. Application of Refund

The rate of refund will be applied to all current customers' bills for the month of January, 1978 for the following services and amounts:

<u>Class and Grade of Service</u>	<u>Extended Service L.A. Metro Exchanges</u>	<u>All Other Exchanges</u>
<u>Residence</u>		
1-party flat rate (1R)	\$ 5.45	\$ 5.65
1-party message rate ("lifeline")(1MR)	2.50-30	-
2-party flat rate (2R)	-	4.95
Suburban (SR)	4.75	4.95

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GENERAL TELEPHONE COMPANY OF CALIFORNIA

REFUND PLAN

<u>Class and Grade of Service</u>	<u>Extended Service L.A. Metro Exchanges</u>	<u>All Other Exchanges</u>
<u>Business</u>		
1-party flat rate (1B)	\$ -	\$12.80
1-party message rate	7.25-80	-
2-party flat rate	-	10.00
Suburban (SB)	10.00	10.00
Semipublic coin box (SPCB)	7.25	7.35
PBX - trunk flat rate	-	19.20
PBX - trunk measured rate	3.60	-

The amount will be reflected as a credit adjustment on the bill. Each refundable amount (basic refund, city, 911 state and federal tax) will appear as a separate entry on the bill. A printed bill insert will also accompany each refund.

D. Computation of Interest

Interest at the rate of 7% per annum will be applied to the basic refundable amount (excluding tax). The interest rate formula will use an averaging convention to recognize the accumulation of the basic refundable amount over the period.

E. Refund Report

General Telephone will file a refund report with the Commission within 90 days of completion of the refunds. The report will contain the following information:

1. The total basic refundable amount.
2. The total amount credited on the bills, either initially or through adjustments.
3. The total unrefunded amount (1 - 2 = 3).
4. The amount of expense incurred in making refunds and accounts charged therewith.
5. A proposal for disposal of any monies due customers but not yet refunded.