

SEP 25 1979

Decision No. 90834

**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 telephone service rate increases to cover increased costs in providing telephone service.

Application No. 55492  
(Filed February 13, 1975;  
amended April 19, 1975 and  
January 16, 1976)

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

Case No. 10001  
(Filed November 12, 1975)

SUPPLEMENTAL OPINION AND ORDER  
(License Contract Issues)

Toward Utility Rate Normalization (TURN), an interested party in this proceeding, petitions us to clarify an adjustment in our decision in this proceeding on license contract issues (Decision No. 90362 dated June 5, 1979).

In Decision No. 90362 we determined to disallow 100 percent of the license contract public relations and employee information expenses. The total downward adjustment to revenue requirement in the decision was \$1,608,507.

TURN's calculations in its petition based on a review of Exhibit 289 (including the application of overhead and the percentage allocation to California) show that the adjustment should have been \$1,657,279.

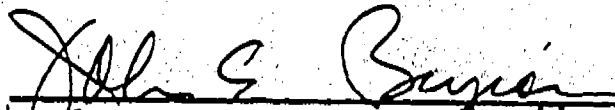


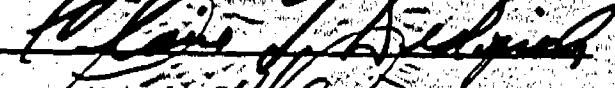

Based on a review of Exhibit 289, TURN's calculation is correct, which demonstrates that an incorrect figure was used in Decision No. 90362.

TURN has not asked for any rate adjustment in its petition, but we note that an error of \$48,772 against test year operating expenses (found reasonable for the test year in Application No. 55492 in Decision No. 88232) of \$2,182,100,000 is so small as not to require any rate adjustment; in fact, no meaningful rate adjustment is possible when the reduction in operating expenses is just over two thousands of one percent. (The precise percentage would be 0.00213 percent; if the license contract disallowance of \$5,873,000 is first subtracted from the total operating expenses, leaving a test year total of \$2,276,227,000, the percentage is 0.00214 percent.)

We therefore find that no further action on this correction is necessary and conclude that matter may be closed. We have reviewed our finding and our conclusion on public relations and employee information in Decision No. 90362, and have determined that no modification is necessary.

IT IS ORDERED that proceedings in this matter are terminated. The effective date of this order shall be thirty days after the date hereof.

Dated SEP 25 1979, at San Francisco, California.

  
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President  
  
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Commissioners