

ORIGINAL

Decision No. 91338 FEB 13 1980

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 authority to increase certain intrastate rates and charges applicable to telephone services furnished within the State of California.

Application No. 58223
(Filed July 14, 1978)

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.

OII No. 21
(Filed July 25, 1978)

Investigation on the Commission's own motion into the effect of the enactment of the Revenue Act of 1978 on the rates of the California public utilities and transportation companies subject to the ratemaking power of the Commission named in Appendices A and B attached hereto.

OII No. 33
(Filed December 12, 1978)

(See Decisions Nos. 90642 and 91121 for appearances.)

ORDER MODIFYING DECISIONS NOS. 90642, 90919, AND 91121

Decision No. 91337 in Application No. 53587 et al. relating to the tax reserve matters (refunds and rate reduction) orders that rates be continued to be set on a normalization basis subject to refund upon further order of the Commission after completion of litigation with the Internal Revenue Service concerning the AAA average annual adjustment) and the AA (annual adjustment) methods. In order to permit The Pacific Telephone and Telegraph Company's accountants to show the accruing tax liabilities as deferred rather than taxes payable (with interest accruing) and to clarify our position in continuing rates on a full normalization method, we find it reasonable to modify Decisions Nos. 90642, 90919, and 91121 by adding a clarifying ordering paragraph which will set forth the Commission's policy with respect to the rates being collected subject to refund as they may relate to the ratemaking treatment given to accelerated depreciation and investment tax credit.

The effective date of this order will be the date hereof as it is important to give clear recognition to the fact that rates for The Pacific Telephone and Telegraph Company are being continued on a full normalization or Bell normalization basis and are subject to refunds.

IT IS ORDERED that Decisions Nos. 90642, 90919, and 91121 are modified to include the following ordering paragraph:

The rates established shall be subject to refund on further order of the Commission after completion of litigation with the Internal Revenue Service on the AAA and AA methods. It is the

A.58223 et al. nb

Commission's intent, as expressed in Decision
No. 87838, that such eligibility be preserved.

The effective date of this order is the date hereof.

Dated FEB 13 1980, at San Francisco, California.

John E. Ryan
President
Vernon L. Johnson
Richard W. Howell
Clair J. DeLoach
James W. ...
Commissioners