

Decision No. 92717 FEB 18 1981**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 authority to increase certain  
intrastate rates and charges  
applicable to telephone services  
furnished within the State of  
California.

Application No. 59849  
(Filed August 1, 1980)

Application No. 59269  
(Filed November 13, 1979;  
amended November 15, 1979)

Application No. 59855  
(Filed July 31, 1980)

Application No. 59858  
(Filed August 1, 1980)

Application No. 59888  
(Filed August 19, 1980)

OII No. 63  
(Filed December 18, 1979)

OII No. 81  
(Filed August 19, 1980)

And Related Matters.

SUPPLEMENTAL OPINION ON REFUNDS  
AND  
REQUEST FOR EXTENSION OF TIME

Decision No. 92542 ordered that \$30.1 million of increased Key Telephone Service rates authorized by Resolution No. T-10292 for The Pacific Telephone and Telegraph Company (Pacific) be rescinded. In relation to refunds to affected customers, Ordering Paragraph No. 2 in this decision required the following:

"2. The Pacific Telephone and Telegraph Company (Pacific) shall, within sixty days after the effective date of this order, refund to its customers all increased

rates and charges assessed pursuant to Resolution No. T-10292. Within ten days after the effective date of this order Pacific shall submit a refund plan to the Commission, and serve it on all appearances in the general rate proceeding. After approval or modification by the Commission refunds will be made accordingly."

In compliance with Ordering Paragraph 2, on January 22, 1981, Pacific filed its Proposed Refund Plan and also requested that refunds commence 90 days after the effective date of Commission approval of the Proposed Refund Plan.

The extension of time is required to allow a sufficient period for special programming of the billing computer and for identification of the Key Telephone Service customers entitled to refunds. Under the circumstances, it is appropriate to grant the requested extension provided all refunds to former customers are completed within 90 days after refunds commence.

The Proposed Refund Plan in Appendix A provides refunds to affected Key Telephone Service customers for the period from July 30, 1980 to January 21, 1981 when the ordered rate reduction became effective. Under this Proposed Plan, each Key Telephone Service customer will receive an individually computed refund based on the increased rates and charges assessed pursuant to Resolution No. T-10292. The refund will include interest computed at the Commercial Paper Rate compounded monthly. Overall, the Proposed Refund Plan is reasonable and will result in an equitable return of charges to the affected Key Telephone Service customers.

#### Findings of Fact

1. The Proposed Refund Plan of Pacific in Appendix A provides for reasonable return of charges to affected Key Telephone Service customers.

2. It is reasonable to grant the requested extension of time to have the refunds commence 90 days after the effective date of Commission approval of the Refund Plan with the refunds to be completed for current customers in not more than one billing cycle thereafter with all refunds to former customers completed within 90 days of the start of the refunds.

3. In order to have these refunds made without further delay, the effective date of this order should be the date hereof.

Conclusion of Law

The refund plan in Appendix A is just and reasonable.

O R D E R

IT IS ORDERED that:

1. The Proposed Refund Plan of Pacific in Appendix A is hereby approved.

2. Ordering Paragraph No. 2 of Decision No. 92542 is modified to provide that the refunds shall commence 90 days after approval of the Refund Plan by the Commission with refunds to current customers completed in not more than one billing cycle thereafter and all refunds to former customers completed within 90 days of start of the refund.

The effective date of this order is the date hereof.

Dated FEB 18 1981, at San Francisco, California.

John E. Byrne  
President  
Richard D. Reynolds  
Thomas M. Smith  
Commissioners

## THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY

## KEY TELEPHONE SERVICE

## REFUND PLAN

The following procedures will be used to refund the difference in charges resulting from the rescission of California Public Utilities Commission Resolution No. T-10292 by Decision No. 92542. The refund will cover the period from July 30, 1980 to the effective date of any new tariff. (January 21, 1981)

## A. Computation of Basic Refundable Amount Per Customer

Pacific Company was not required to retain charges for Key Telephone Service charges for the period under refund. However; due to the fact that exact charges are available for the majority of the period due to other retention requirements, Pacific proposes that each affected customer receive an individually computed refund based on the increased rates and charges assessed pursuant to Resolution No. T-10292. For the period where retained records are not available, Pacific will assume that equipment was in service for the total non-retained period. Only recurring charges were affected by this resolution.

## B. Computation of Interest

Interest computed at the Commercial Paper Rate (3 months prime) compounded monthly will be applied to the refund amounts on a month billed basis as follows:

$$\text{Interest} = (A_1 \times I_1) + (A_2 \times I_2) + (A_3 \times I_3) + \dots$$

Where:  $A_1$  = Refundable amount billed in month 1.

$A_2$  = Refundable amount billed in month 2.

$A_3$  = Refundable amount billed in month 3.

And:  $I_1$  = Compound interest from month 1 to refund date.

$I_2$  = Compound interest from month 2 to refund date.

$I_3$  = Compound interest from month 3 to refund date.

- The number of billing months will be determined by the effective date of the new rates.

## C. Manner of Refund

1. Current Customers - by bill credit
2. Current Customers who discontinue service - by final bill credit plus check if refund balance exceeds final bill.
3. Former Customers - by check if the refund amount exceeds \$1.00.

D. Timing

Refunds will commence within 90 days of a refund order approving this plan.

E. Reporting Requirements

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

1. The total basic refundable amounts plus interest due customers.
2. The total amount credited on bills either initially or through adjustment.
3. The total amount of drafts issued.
4. The total amount of drafts returned as undeliverable.
5. The total amount of drafts outstanding and an estimate of the portion which will never be presented for payment.
6. The total amount which remains undisbursed (1-2-3+4+5[portion]).
7. The amount of expense incurred in making refunds and accounts charged therewith.

F. Other Considerations

The billed charges retained since decision 91495 will be reduced by the basic refundable amount on a per customer basis.