

Process
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ALJ/ks *

Decision 93850 December 15, 1981

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ORIGINAL

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 59849
(Filed August 1, 1980;
amended August 28, 1980
and October 14, 1980)

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 59269
(Filed November 13, 1979;
amended November 15, 1979)

Re Advice Letter (PT&T) No. 13640)
to reprice certain telephone)
terminal equipment and Resolution)
No. T-10292 granting approval of)
said changes.)

Application 59858
(Filed August 1, 1980) ✓

In the Matter of Advice Letter)
Filing No. 13641 of THE PACIFIC)
TELEPHONE AND TELEGRAPH COMPANY)
for authority to increase certain)
rates for key telephone service by)
\$30.1 million.)

Application 59888
(Filed August 19, 1980)

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

OII 63
(Filed December 18, 1979)

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

OII 81
(Filed August 19, 1980)

(See Decision 93367 for appearances.)

THIRD INTERIM OPINION AND ORDER MAKING SUBJECT
TO REFUND ALL REVENUES COLLECTED SUBJECT TO THE
ECONOMIC RECOVERY TAX ACT OF 1981

On October 22, 1981 the Commission staff filed a petition to enlarge these continued proceedings in order to receive evidence relating to the impact of the Economic Recovery Tax Act of 1981 (ERTA). Decision (D.) 93367 was issued on August 4, 1981. President Reagan signed ERTA on August 13, 1981. Accordingly, no evidence of the impact of ERTA was received in this proceeding. The staff alleges in its petition that the record in OII 24 discloses that substantial revenue requirement reductions will be experienced by The Pacific Telephone and Telegraph Company (Pacific).

Arguments for and against the staff petition were made before the assigned administrative law judge (ALJ) on October 28, 1981. In addition, Pacific filed a written supplemental response on October 29, 1981.

On November 30, 1981 the ALJ granted staff's petition. We concur.

In its petition staff suggested the Commission order that starting on January 1, 1982 all revenues of Pacific should be collected subject to refund pending final determination of the ratemaking effects of ERTA in order to preserve any rate reduction which might result. We find the staff suggestion to be reasonable and conclude that it should be adopted. Because of the January 1, 1982 date involved, this order should be made effective today.

For the guidance of the parties and the ALJ in this proceeding we believe it is in the public interest to schedule early hearings to consider expeditiously evidence relating to the impact of ERTA upon the operations of Pacific. This includes evidence of the impact upon revenues for test year 1981 and subsequent

years resulting from incremental changes in deferred taxes and the investment tax credit and other changes relating to ERTA. Evidence of the impact upon the rate of return for the years involved resulting from increased cash flow realized as a consequence of the operation of ERTA must also be considered. This order, since it preserves the possibility of refunds for consumers, constitutes an emergency.

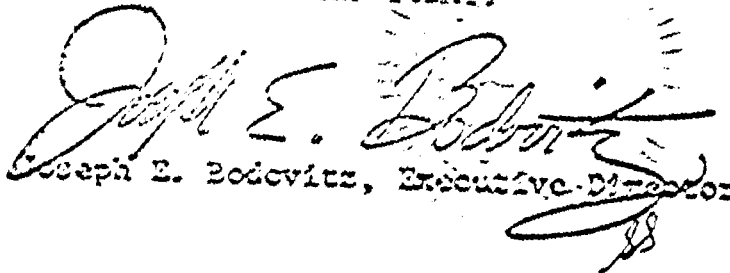
IT IS ORDERED that all revenues collected by The Pacific Telephone and Telegraph Company which are subject to ERTA shall be collected subject to refund from January 1, 1982 onward until our decision disposing of the matter becomes final and no longer subject to review.

This order is effective today.

Dated December 15, 1981, at San Francisco, California.

JOHN E. BRYSON
President
RICHARD D. GRAVELLE
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
Commissioners

I CERTIFY THAT THIS DECISION
WAS APPROVED BY THE ABOVE
COMMISSIONERS TODAY.


Joseph E. Bodovitz, Executive Director