

Decision 97-11-023 November 5, 1997

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Application of GTE California Incorporated (U 1002 C), pursuant to D.90-10-039, for modification of D.88-09-030 and D.89-12-048 to eliminate the requirement for annual rate adjustment filings to reflect the impact of the Uniform System of Accounts Rewrite and for modification of Resolution T-15696 to eliminate the Uniform System of Accounts adjustment required therein of \$11.527 million for 1995.

Application of Pacific Bell (U 1001 C) for modification of Decision 88-09-030, Decision 89-12-048, and Resolution T-15695, to eliminate Uniform System of Accounts turnaround adjustments.

**ORIGINAL**

Application 95-02-011  
(Petition for Modification  
filed September 18, 1997)

Application 95-05-018  
(Petition for Modification  
filed September 18, 1997)

**INTERIM OPINION ON MODIFICATION  
OF DECISION 96-11-006**

Pursuant to Rule 47 of the Rules of Practice and Procedure, GTE California Incorporated (GTEC) and Pacific Bell filed a joint petition to modify Decision (D.) 96-11-006 to suspend any further Uniform System of Accounts rewrite (USOAR) step-down rate reductions until the Commission rules on the utilities' applications for authority to eliminate their annual step-down reductions. A copy of this petition was mailed to all parties of record on September 18, 1997. A protest to the petition was filed by the Office of Ratepayer Advocates (ORA)<sup>1</sup> on October 3, 1997.

We already authorized a stay of the utilities' 1996 and 1997 USOAR step-down rate reductions pending a final order on their applications, pursuant to D.95-11-061 and

<sup>1</sup> By action of the Executive Director, the Commission's Division of Ratepayer Advocates ceased to exist as a staff unit on September 10, 1996. The functions it performed as a participant in this proceeding are now performed by the Commission's ORA.

D.96-11-006, respectively. Because a final order on the applications and the due date for the utilities' annual price cap filings may overlap, the utilities are concerned about the harm they will incur if a decision is delayed beyond that date and if they were required to implement another step-down rate reduction on January 1, 1998.

ORA agrees that D.96-11-006 should be modified to avoid the potential harm to the utilities that may result from the overlap of a pending Commission order. However, ORA opposes an indefinite suspension, as proposed by the utilities. Rather, ORA recommends that any grant of suspension of the rate reduction be considered on a year-by-year basis.

The utilities are already required to maintain an interest-bearing memorandum account to track the step-down amounts that would otherwise have been returned to ratepayers. The inclusion of the 1998 step-down adjustments in the interest-bearing memorandum account will not adversely impact the utilities or ratepayers.

This proceeding was submitted on December 8, 1995, and petitions for rehearing on the utilities' request for recovery of their 1995 step-down adjustments were denied on September 20, 1996. This matter is now ready for a final order. There is nothing further for applicants or interested parties to do until a proposed order is issued. The inclusion of future step-down adjustments in the interest-bearing memorandum account, should a final order not be issued by 1998, will not adversely impact the utilities or ratepayers. Hence, the utilities' petition should be granted pending a final order on the applications in this proceeding.

#### **Findings of Fact**

1. GTEC and Pacific Bell filed a joint petition for authority to suspend additional USOAR turnaround adjustment pending further Commission order and to continue recording in interest-bearing memorandum accounts the amounts that would otherwise be returned to their ratepayers.

2. A final order in this consolidated proceeding is pending.

3. Approval of the joint motion pending a final order in this consolidated proceeding will not prejudice or disadvantage the utilities or the ratepayers.

**Conclusions of Law**

1. The joint motion of GTEC and Pacific Bell should be granted to the extent authorized by the following order.
2. Because of the imminence of the date for filing the next USOAR turnaround adjustment, this decision should be made effective upon the date signed.

**INTERIM ORDER**

**IT IS ORDERED that:**

1. Decision 96-11-006 is modified to authorize GTE California Incorporated (GTEC) and Pacific Bell to exclude their Uniform System of Accounts rewrite (USOAR) rate reductions from their 1998 price cap filings and thereafter, pending a final order in this consolidated proceeding.
2. GTEC and Pacific Bell shall include their 1998 and any subsequent USOAR turnaround adjustments in their respective memorandum accounts that they would otherwise flow through to their ratepayers in their respective price cap filings and shall accrue interest at 1/12th of the average 3-month commercial paper rate for that month as published in the Federal Reserve Bulletin pending a final order in this consolidated proceeding.

This order is effective today.

Dated November 5, 1997, at San Francisco, California.

P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
Commissioners