

ALJ/MFG/wgp **

Mailed

Decision 97-12-079 December 16, 1997

DEC 16 1997

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the matter of post-retirement benefits other than pensions.

And Related Matters.

Investigation 90-07-037
(Filed July 18, 1990)

ORIGINAL

Application 88-12-005
Investigation 89-03-033

(For appearances see Decision 92-12-015.)

FINAL OPINION

By Decision (D.) 92-12-015 (46 CPUC2d 499 at 533) (1992) we ordered further hearing to be held in this or other more appropriate proceedings to determine the simplest possible method for ensuring that Pacific Bell's and GTE California Incorporated's recovery of post-retirement benefits other than pensions (PBOPs) through annual Z-factor adjustment filings occur without extensive litigation. The Z-factor adjustment is an indexing mechanism which allows New Regulatory Framework (NRF) utilities to recover costs associated with exogenous events.

To date, such a hearing has not occurred in either this or another proceeding. However, by D.96-05-036, dated May 8, 1997, the utilities are required to address, among other matters, the issue of Z-factor monitoring requirements in their 1998 Triennial NRF Review.

It is neither appropriate nor effective to address the simplest method for ensuring Z-factor recovery of PBOB costs in this proceeding when distinctly separate proceedings will address Z-factor requirements. Any results from consideration of simplified PBOP Z-factor recovery in this proceeding may require further change to comply with Z-factor requirement results to be adopted in the Triennial NRF Review proceedings. The Triennial NRF proceedings are the more appropriate proceedings to

address the remaining PBOP issue in this proceeding. We therefore, need not address the matter separately here.

Findings of Fact

1. Hearings were to be held in this proceeding to determine the simplest method for ensuring compliance with the utilities' PBOP recovery through Z-factor filings without extensive litigation.

2. D.96-05-036 requires Z-factor requirements to be addressed in the 1998 Triennial NRF Review.

3. The Z-factor requirements have not been addressed in 1997.

Conclusion of Law

The utilities should address the method for ensuring compliance with PBOP requirements in Z-factor filings with other Z-factor requirements in their scheduled 1998 Triennial NRF Review.

FINAL ORDER

IT IS ORDERED that:

1. Pacific Bell and GTE California Incorporated shall address the simplest possible method for ensuring recovery of post-retirement benefits other than pensions in Z-factor filings, as required by Ordering Paragraph 8 of Decision 92-12-015, in their scheduled 1998 Triennial New Regulatory Framework proceeding.

I.90-07-037 et al. ALJ/MFG/wgp

2. Investigation (I.) 90-07-037, Application 88-12-005, and I.89-03-033 are closed.

This order is effective today.

Dated December 16, 1997, at San Francisco, California.

P. GREGORY CONLON

President

JESSIE J. KNIGHT, JR.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners