

Decision 98-10-019 October 8, 1998

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's Own Motion
into the Second Triennial Review of the
Operations and Safeguards of the Incentive-Based
Regulatory Framework for Local Exchange
Carriers.

Investigation 95-05-047
(Filed May 24, 1995)

ORIGINAL

FINAL OPINION

Summary

This decision directs the Office of Ratepayer Advocates¹ (ORA) where to submit the audit reports for Pacific Bell (Pacific) and GTE California Incorporated (GTEC) once the audits of the two companies have been completed. With this remaining detail resolved, the Commission closes the proceeding.

Background

Order Instituting Investigation (OII or I.) 95-05-047 established the second triennial review of the operations and safeguards of the new regulatory framework (NRF) in which the Commission examined key elements of the price cap formula (Phase I). The Commission modified the price cap formula, and deferred Phase II or the remaining NRF issues until a subsequent review within Decisions (D.) 95-12-021 and 96-05-036, respectively. In D.96-05-036, the Commission also directed ORA to revise its audit plan for the review of the

¹ The Division of Ratepayer Advocates (DRA) entered an appearance in this proceeding. By Executive Director memorandum dated September 10, 1996, all functions of DRA were transferred to ORA.

books and records of Pacific and GTEC, initially submitted on October 14, 1994, and to resubmit the plan to the Executive Director.

ORA submitted the revised audit plan in August 1996. Shortly after submission of the revised plan, the Executive Director requested by letter that ORA specifically respond to each of the Commission's clarifying directives in D.96-05-036 through citations to the RFPs. The Executive Director authorized a further revision of the audit plan in mid-September 1998.

Discussion

In spite of our enunciated intent in D.96-05-036 that the audit be completed and the results available in time for the third triennial review, the authorization of the revised plan comes at the end of the review as initiated in Order Instituting Rulemaking (R.) 98-03-040. Therefore, we direct ORA to submit, 60 days prior to the completion of the audit reports, to the Coordinating Commissioner of Telecommunications, the Director of the Telecommunications Division and the Chief of the Administrative Law Judge (ALJ) Division, a Notice of Intent to File the Audit Reports.

Upon completion, ORA shall transmit the audit reports with recommendations to the Coordinating Commissioner, the Director of the Telecommunications Division and the Chief of the ALJ Division. ORA shall serve on Pacific and GTEC a copy of the respective report with recommendations. Concurrently, ORA shall serve upon the established service list of R.98-03-040 redacted copies of the audit reports and recommendations. Parties may obtain unredacted copies of the documents after they execute an appropriate nondisclosure agreement with the companies.

Within 90 days of the submission of the audit reports, the Coordinating Commissioner, upon consultation with the Director of the Telecommunications Division and the Chief ALJ, shall issue a Coordinating Commissioner's Ruling

which shall direct that either: (1) a new docket be opened to address the results of the audit reports; (2) the results of the audit reports be incorporated into the next triennial NRF review; (3) the results of the audit reports do not warrant any further Commission action; or (4) any other course of action appropriate to circumstances at the time.

Any disputes which arise during the course of the audit shall be resolved pursuant to PU Code Section 309.5(e).

With this remaining detail of the proceeding resolved, I.95-05-047 is closed.

Findings of Fact

1. The Executive Director's authorization of ORA's revised audit plan in is imminent.
2. The 1998 triennial review will have been completed before the resulting audit reports are prepared.

Conclusions of Law

1. ORA should be directed where to submit the final reports of and the recommendations regarding the audits of Pacific and GTEC.
2. This order should be effective on the date signed for administrative efficiency.

FINAL ORDER

IT IS ORDERED that:

1. The Office of Ratepayer Advocates (ORA) shall submit, 60 days prior to the completion of the audit reports, to the Coordinating Commissioner of Telecommunications, the Director of the Telecommunications Division and the Chief of the Administrative Law Judge (ALJ) Division, a Notice of Intent to File the Audit Reports, and serve the same upon the established service list of Order Instituting Rulemaking (R.) 98-03-040.

2. Upon completion of the audit reports, ORA shall transmit the reports with recommendations to the Coordinating Commissioner of Telecommunications, Director of the Telecommunications Division and the Chief of the ALJ Division, and serve the same on Pacific Bell (Pacific) and GTE California Incorporated (GTEC).

3. Concurrently, ORA shall serve upon the established service list of R.98-03-040 redacted copies of the audit reports and recommendations.

4. Any interested party may obtain unredacted copies of the documents from ORA after Pacific and/or GTEC notify ORA that the party has executed an appropriate nondisclosure agreement.

5. Within 90 days of the submission of the audit reports, the Coordinating Commissioner, upon consultation with the Director of the Telecommunications Division and the Chief ALJ, shall issue a Coordinating Commissioner's Ruling which shall direct that either: (1) a new docket be opened to address the results of the audit reports; (2) the results of the audit reports be incorporated into the next triennial NRF review; (3) the results of the audit reports do not warrant any further Commission action; or (4) any other course of action appropriate to circumstances at the time.

6. Any disputes which arise during the course of the audit shall be resolved pursuant to Public Utilities Code Section 309.5(e).

1.95-05-047 ALJ/JAR/sid ***

7. With this remaining detail of the proceeding determined, Investigation 95-05-047 is closed.

This order is effective today.

Dated October 8, 1998, at Laguna Hills, California.

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