

APR 12 1996

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

Order Instituting Investigation into )	F I L E D
the rates, charges, service, practices )	PUBLIC UTILITIES COMMISSION
and regulation of Sierra Telephone )	APRIL 10, 1996
Company, Inc. (U-1016-C). )	SAN FRANCISCO OFFICE
	I.96-04-018

ORDER INSTITUTING INVESTIGATION**ORIGINAL**

Sierra Telephone Company (Sierra) filed its general rate Application (A.) 95-12-077 for authority to restructure its intrastate rates and charges for telephone services on December 27, 1995. By its application, Sierra seeks authority to earn a 12.91% return on its 1997 test year rate base with a 15.00% return on equity, producing an overall decrease of approximately \$500,000 (2.09%) over forecast separate intrastate test year revenues at present rates.

Without prejudging the issues which may arise in A.95-12-077, we institute this investigation to provide a procedural forum and vehicle to fully act on recommendations on revenue requirement, rates, practices, adequacy of service, regulatory approach, and other aspects of Sierra's operations which may be beyond the confines of the relief that the utility requests in A.95-12-077.

The opening of an investigatory proceeding for consolidation with a utility's general rate application is customary. It is appropriate to have such a consolidated proceeding in order to fully and efficiently use the extensive record developed in a general rate case. The evidentiary record developed in A.95-12-077 along with this investigation, taken together, shall be the common record to support any findings or orders in connection with this investigation.

Accordingly, and on authority of Public Utilities Code §§ 701, 729, and 761, we will institute an investigation into the rates, charges, service, practices, and regulation of Sierra. This investigation will be consolidated with A.95-12-077 for hearing and decision.

IT IS ORDERED that:

1. Pursuant to Public Utilities Code §§ 701, 729, and 761, an investigation into the rates, charges, service, practices, and regulation of Sierra Telephone Company (Sierra) is instituted.

2. This investigation is consolidated with Application (A.) 95-12-077, and the record in the consolidated proceeding will form the basis of the Commission's investigation.

3. A public hearing in this matter shall be held before a Commission Administrative Law Judge at the time and place set for hearing in A.95-12-077, at which time and place all interested parties may appear to be heard.

4. The Executive Director shall serve a copy of this order on Sierra by certified mail and to each party of record in A.95-12-077 by regular mail.

This order is effective today.

Dated April 10, 1996, at Sacramento, California.

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners