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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order instituting Investigation into)
 the rates, charges, service, practices)
 and regulation of Foresthill Telephone)
 Co. (U-1009-C).)

F I L E D
 PUBLIC UTILITIES COMMISSION
 APRIL 10, 1996
 SAN FRANCISCO OFFICE
 I.96-04-019

ORDER INSTITUTING INVESTIGATION**ORIGINAL**

Foresthill Telephone Co. (Foresthill) filed its general rate Application (A.) 95-12-078 for authority to restructure its intrastate rates and charges for telephone services on December 28, 1995. By its application, Foresthill seeks authority to earn a 11.46% return on its 1997 test year rate base with a 12.45% return on equity resulting in no change in Foresthill's forecast separated intrastate test year revenues at present rates.

Without prejudging the issues which may arise in A.95-12-078, 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 Foresthill's operations which may be beyond the confines of the relief that the utility requests in A.95-12-078.

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.95-12-078 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 Foresthill. This investigation will be consolidated with A.95-12-078 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 Foresthill Telephone Co. (Foresthill) is instituted.
2. This investigation is consolidated with Application (A.) 95-12-078, 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.95-12-078, at which time and place all interested parties may appear and be heard.
4. The Executive Director shall serve a copy of this order on Foresthill by certified mail and to each party of record in A.95-12-078 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