



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Communications (September 24, 1991 through October 8, 1991)

MEETING DATE: October 16, 1991

PREPARED BY: City Clerk

RECOMMENDED ACTION:

AGENDA ITEM

RECOMMENDATION

J-1b

Information only.

BACKGROUND INFORMATION:

The following communication was received between the dates of September 24, 1991 and October 8, 1991.

From, J. Michael Reidenbach, Pacific Gas and Electric.
Attached, marked Exhibit A, is a notice that has been received from Pacific Gas and Electric Company regarding application No. 91-08-061 filed with the California Public Utilities Commission (CPUC) in which it requests authority to increase its rates for electric services.

FUNDING: None required.

City Clerk

APPROVED. _____

THOMAS A. PETERSON
City Manager

recycled paper

a

Pacific Gas and Electric Company

77 Beale Street
San Francisco, CA 94106
415/972-7000

September 6, 1991

TO: THE STATE, COUNTY AND CITY OFFICIALS
AND INTERESTED PARTIES



1991 SEP 11 AM 10:48
ALDEN H. REIDENBACH
CITY CLERK
CITY OF LOS ANGELES
RECEIVED

Pacific Gas and Electric Company (PG&E) has filed Application No. 91-08-061 with the California Public Utilities Commission (CPUC) in which it requests authority to increase its rates for electric services. PG&E seeks authority to increase its rates by \$35,645,000, or less than one percent, on January 1, 1992. The electric rate increase proposed by PG&E is to recover costs associated with the Helms Pumped Storage Project (Helms).

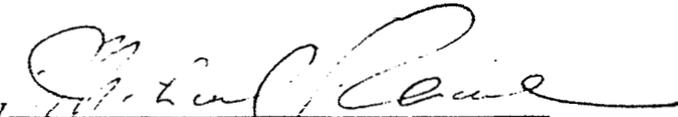
The Commission will hold hearings on the proposed increase. Parties at those hearings may offer proposals to the CPUC which differ substantially from those requested by the utility. After considering all proposals presented during the formal hearing process, the Commission will issue a decision. The actual rates and revenue requirement adopted by the Commission may differ significantly from PG&E's original request and may result in an increase or decrease in rates.

If you wish to participate in the hearings or need advice, please write to the Public Advisor, California Public Utilities Commission at 505 Van Ness Avenue, Room 5303, San Francisco, California, 94102. Inquiries about the date, time and place of hearing on the Application may be directed to the Public Advisor.

A copy of the Application and related exhibits may also be examined at the Commission, as well as at the offices of Pacific Gas and Electric Company, 77 Beale Street, Room 3022, San Francisco, California, 94106; or at PG&E's Division Offices in Fresno, Oakland, Sacramento, San Jose, and Santa Rosa.

This notice is given in accordance with Rule 24 of the Rules of Practice and Procedure of the California Public Utilities Commission.

PACIFIC GAS AND ELECTRIC COMPANY

By 
J. MICHAEL REIDENBACH

RECEIVED
IMPORTANT INFORMATION ABOUT
PACIFIC BELL'S PROPOSED RATE CHANGES

1991 SEP 33 AM 9 06

ALICE H. REIMCHE
CPUC CLERK

The California Public Utilities Commission (CPUC) is conducting hearings to consider whether, and on what terms, to allow long distance telephone companies to compete with local companies like Pacific Bell in carrying long distance calls within California's phone service areas. The CPUC will also conduct hearings early next year to consider rate changes Pacific Bell has proposed in response to current and future competition.

The dates and locations of all of these hearings are printed in this notice. This notice also describes Pacific Bell's proposed rate changes.

To hear a description of Pacific Bell's proposed telephone rate changes in Spanish, call 1-800-559-2499. This is a toll-free call.

To hear a description of Pacific Bell's proposed telephone rate changes in Cantonese, call 1-800-559-2699 or in Mandarin, call 1-800-559-2599. This is a toll-free call.

To hear a description of Pacific Bell's proposed telephone rate changes in Korean, call 1-800-559-2799. This is a toll-free call.

To hear a description of Pacific Bell's proposed telephone rate changes in Vietnamese, call 1-800-559-2899. This is a toll-free call.

WHY IS PACIFIC BELL PROPOSING NEW RATES?

One of the CPUC's goals is to move the prices of Pacific Bell's services closer to the actual costs of providing the services. Pacific Bell's proposed rate changes are intended to satisfy this goal. In addition, our proposed rate changes **are** designed to enable us to respond to competition, which has increased significantly in recent years.

To respond to competition, we propose to reduce our rates for toll calls and introduce new toll volume discount calling plans. In addition, we propose to increase the rates for our basic services, such as flat rate and measured rate service, to bring them closer to their costs.

**IF APPROVED BY THE CPUC,
HOW WILL THESE CHANGES AFFECT YOUR TELEPHONE BILL?**

If our proposals are adopted and customers do not change their calling habits, we estimate that the average residence customer's monthly phone bill will decrease by \$0.11 (0.3%), and the average phone bill for a business customer who has less than six phone lines will decrease by \$4.92 (5.4%). We estimate that these changes will not increase or decrease our overall level of revenues.

We presented our proposed rate changes to the CPUC on September 23, 1991. Other parties, including the Commission's Division of Ratepayer Advocates, will also be presenting proposed rate changes for Pacific Bell. A copy of Pacific Bell's proposal may be reviewed at any Pacific Bell public office or at the offices of the CPUC listed below. Please direct any inquiries concerning our proposed changes to:

Regulatory Manager
Pacific Bell Headquarters
140 New Montgomery Street, Room 910
San Francisco, California 94105

If you want to comment on these proposed changes, receive information on how to participate in this case at the CPUC, or be notified of any additional hearings, write to either of the CPUC Public Advisor's Offices listed below. Refer to "Investigation 87-11-033" in your written comments.

Public Advisor's Office
California Public Utilities Commission
505 Van Ness Avenue, Room 5303
San Francisco, California 94102

or

Public Advisor's Office
California Public Utilities Commission
107 South Broadway, Room 5109
Los Angeles, California 90012

IF SERVICE AREA COMPETITION IS ALLOWED WHO WILL HANDLE MY CALLS?

If competition for toll calls within California's service areas is approved, customers will be able to choose between Pacific Bell and other telephone companies to carry their long distance telephone calls within a service area. (California is divided into ten service areas, which are sometimes referred to as "Local Access and Transport Areas" (LATAs).)

Pacific Bell proposes to remain the only company to provide basic phone services, directory assistance, and calls within the local 12-mile calling areas and Zone Usage Measurement (ZUM) areas.

PACIFIC BELL'S PROPOSED RATE CHANGES FOR SELECTED MAJOR SERVICES

Pacific Bell's rate proposal includes the rate changes shown below.* They do not include the federally imposed access charge or surcredits that presently apply to many services. The CPUC could establish different rates than those Pacific Bell has proposed and may change rates for services not listed.

SERVICES FOR RESIDENCE CUSTOMERS	Present Tariff Rate	Proposed Tariff Rate
One-Party Flat	\$ 8.35/mo.	\$11.35/mo.
One-Party Measured	4.45/mo.	6.05/mo.
Installation Charge	34.75	46.90
Lifeline - Flat	4.18/mo.	5.68/mo.
Lifeline - Measured	2.23/mo.	3.03/mo.
Lifeline - Installation Charge	17.38	23.45
Foreign Exchange Access - Flat	8.35/mo.	11.35/mo.
Foreign Exchange Access - Measured	4.45/mo.	6.05/mo.
Foreign Exchange Increment - Flat	6.75/mo.	9.15/mo.
Foreign Exchange Increment - Measured	4.05/mo.	5.50/mo.

SERVICES FOR BUSINESS CUSTOMERS	Present Tariff Rate	Proposed Tariff Rate
One-Party Measured Line	\$ 8.35/mo.	\$10.90/mo.
Basic Measured Trunk	8.35/mo.	10.90/mo.
Assured Measured Trunk	12.25/mo.	12.70/mo.
Installation Charge - Measured Line	70.75	92.00
Installation Charge - Assured Trunk	70.75	83.00
Foreign Exchange Access - Measured	8.35/mo.	10.90/mo.
Foreign Exchange Increment - Measured	11.25/mo.	16.85/mo.
Local Measured Usage (Daytime Rate)		
Initial Minute	.04	.05
Each Additional Minute	.01	.02

* Pacific Bell is also proposing rate changes for services that are not shown. If you are interested in these other rate changes, you can review our entire rate proposal at any of our public offices or write to us at the address listed on page 2 of **this** notice.

SERVICE AREA LONG DISTANCE TOLL CALLS

(Residence and Business -- Daytime Rates)

Miles .	Present Rate For 1st Minute	Proposed Rate For 1st Minute	Present Rate For Each Additional Minute	Proposed Rate For Each Additional Minute
17 - 20	.22	.15	.13	.09
21 - 25	.25	.18	.16	.14
26 - 30	.28	.18	.19	.14
31 - 40	.31	.18	.22	.14
41 - 50	.34	.18	.25	.15
51 - 70	.37	.18	.28	.15
Over 71	.40	.19	.31	.16

PROPOSED NEW SERVICES

Toll Volume Discount Calling Plans Proposed **for** Residence Customers:

1. Automatic Plan: Whenever your service area direct dialed toll and Calling Card calls exceed \$5 in a month,--you would automatically receive **20%** off all direct dialed toll and Calling Card charges in excess of \$5. You would not need to sign **up** for this plan.
2. Service Area Plan: You would pay \$3.50 monthly and receive the following discounts for service area direct dialed toll and Calling Card charges: Charges up to **\$45** = 30% off; over **\$45** = **40%** off.
3. Community Plan: You would choose **a** community in your service area that you call often, Then, you would pay \$6 monthly and receive a 40% discount on all direct dialed toll and Calling Card calls to that community. You would also receive a **30%** discount on all other direct dialed toll and Calling Card calls within the service area.

Toll Volume Discount Calling Plans Proposed **for** Business Customers:

1. Automatic Plan: Whenever your service area direct dialed toll and Calling Card calls exceed \$15 in a month, you would automatically receive 20% off all direct dialed toll and Calling Card charges in excess of \$15. You **would not** need to sign up for this plan.

Toll Volume Discount Calling Plans Proposed for Business Customers:

2. Discount Plan Alpha: You would pay \$5.50 monthly and receive the following discounts for service area direct dialed toll and Calling Card charges: Charges up to \$700 = 25% off; over \$700 = **40%** off. Customers with multiple accounts could aggregate their accounts to increase their discount.
3. Discount Plan Beta: You would pay **\$25** monthly and receive the following discounts for service area direct dialed toll and Calling Card charges: Charges up to **\$700** = **25%** off; **\$700.01** to \$1200 = **40%** off; \$1200.01 to \$5000 = **45%** off; over \$5000 = 50% off. Customers with multiple accounts could aggregate their accounts to increase their discount.

All residence customers, as well **as** those business customers who currently subscribe to a Pacific Bell optional calling plan, will have **150** days to sign-up for a new discount plan without any installation charges. After **120** days, Pacific Bell's current optional discount plans will be eliminated and those customers who have not changed their current optional discount plan will be placed on the residence or business Automatic Plan.

OTHER PROPOSED CHANGES

- o Some rates for **800**, WATS, Operator-Handled, Coin, and Calling Card services would decrease.
- o Some Private Line Service recurring rates and non-recurring charges would increase, while others would decrease. Taken as a whole, these changes will increase Pacific Bell's Private Line Service revenues by an estimated **8%**.
- o Switched Access Services: Pacific Bell would decrease the rates it charges long distance telephone companies to connect to Pacific Bell's network.
- o Over a two-year period, rates for Basic **Exchange** Services for residential customers would be further increased by approximately 16% and rates for certain Private Line Services would be further increased by up to **40%**. To offset these increases, rates for Toll Services and Switched **Access** Services would be further decreased over a two-year period.
- o There would be a charge for Directory Assistance (DA) for telephone numbers outside the caller's area code. Also, the rate would be increased from 25 cents to **40** cents per call for all DA calls in excess of 10 per month.
- o We would establish "Flexible Pricing Plans" for various Centrex and Private Branch Exchange (PBX) services that would enable us to reduce the prices for these services in the future **in** response to competition.

ESTIMATED REVENUE IMPACT

Revenue Source	Estimated Net Revenue Increase or Decrease ¹ \$ Millions	Estimated Average Percent Increase or Decrease ¹
Year One		
Basic Exchange Services	\$591	25%
Private Line Services	34	8%
Toll Services ²	-833	-32%
Switched Access Services, Elimination of Surcredit ³	-219 333	-29%
Reduced Settlements Payments ⁴	94	
Total Estimated Revenue Impact- Year One	\$ 0	
Year Two		
Basic Exchange Services	\$115	4%
Private Line Services	53	11%
Toll Services ²	-158	-9%
Switched Access Services	- 28	-5%
Reduced Settlements Payments ⁴	18	
Total Estimated Revenue Impact- Year Two	\$ 0	
Year Three		
Basic Exchange Services	\$110	4%
Private Line Services	53	10%
Toll Services ²	-154	-9%
Switched Access Services	- 27	-5%
Reduced Settlements Payments ⁴	18	
Total Estimated Revenue Impact- Year Three	\$ 0	

¹ Based on 1989 revenue.

² Includes Volume Discount Calling Plans, WATS, 800, Operator Handled, Coin, Calling Card, and DA services.

³ We propose to eliminate the existing permanent billing surcredit, which will allow us to reduce our rates by an additional \$333 million.

⁴ We propose to reduce the amount of "settlements" payments we make to other California local telephone companies, thereby allowing us to reduce our rates by an extra \$94 million in Year One, \$18 million in Year Two, and \$18 million in Year Three.

RECAP OF SCHEDULE OF HEARINGS

- o Starting October 7, 1991, the CPUC will conduct "Evidentiary" Hearings to determine whether long distance telephone companies should be allowed to compete with local telephone companies for long distance telephone calls within a California service area. These hearings are open to the public. They are being held in one of the CPUC's hearing rooms, located at 505 Van Ness Avenue, **San Francisco**. If you want information on how to participate, contact the CPUC Public Advisor's Office.

- o Between October 21, 1991 and November 12, 1991, the CPUC will conduct "Public Participation" Hearings throughout California. You are invited to attend these hearings and express your opinions on service area competition and our proposed rate changes. Here is the schedule for these hearings:

<u>City</u>	<u>Address</u>	<u>Date</u>	<u>Time</u>
Eureka	City Hall Council Chambers 531 K Street	October 21 Monday	7 p.m.
Redding	Shasta High School Room 29 2500 Eureka Way	October 22 Tuesday	7 p.m.
Sacramento	Department of Water Resources Auditorium 1416 9th Street	October 23 Wednesday	2 p.m. and 7 p.m.
San Jose	Peter Burnett Academy Cafeteria 850 North Second St.	October 24 Thursday	7 p.m.
Santa Monica	City Hall Council Chambers 1685 Main Street	October 28 Monday	2 p.m.
Pasadena	Pasadena Main Public Library Auditorium 285 East Walnut	October 28 Monday	7 p.m.
Anaheim	City Hall Council Chambers 200 So. Anaheim	October 29 Tuesday	2 p.m.

City	Address	Date	Time
Lakewood	Herbert Hoover Middle School Auditorium 3501 East Country Club Dr.	October 29 Tuesday	7 p.m.
San Diego	Community Concourse Korth Terrace- Rooms 207 & 208 202 C Street	October 30 Wednesday	2 p.m. and 7 p.m.
San Bernardino	City Hall Council Chambers 300 N. D Street	October 31 Thursday	2 p.m.
Victorville	City Hall Council Chambers 14343 Civic Drive	October 31 Thursday	7 p.m.
San Francisco	California Public Utilities Commission Auditorium 505 Van Ness Avenue	November 4 Monday	2 p.m. and 7 p.m.
San Luis Obispo	City Hall Council Chambers 990 Palm Street	November 6 Wednesday	7 p.m.
Fresno	Fresno State Building Room 1036 2550 Mariposa Street	November 7 Thursday	7 p.m.
Placerville	Board of Supervisors Meeting Rm., Bldg. A 330 Fair Lane	November 12 Tuesday	7 p.m.

- o Starting on January 6, 1992 and running through May 7, 1992, the CPUC will conduct a series of evidentiary rate design hearings to determine whether Pacific Bell's proposed rate changes should be granted. **These** hearings will be held in one of the CPUC's hearing rooms, located at 505 Van Ness Avenue, San Francisco.

If you are unable to attend these hearings but want to express your views, or if you would like to participate in the evidentiary hearings, you may write to one of the two CPUC Public Advisor's offices listed on page 2 of this notice.

WHEN WILL THESE CHANGES OCCUR?

The CPUC expects to reach a final decision on service area competition and on Pacific Bell's proposed rate changes sometime in mid-to-late 1992.