

CITY COUNCIL MEETING  
APRIL 17, 1985

CC 7(d)

Jg 405

PUC APPLICATION

City Clerk Reimche presented information for Council's perusal pertaining to Pacific Bell's amended application for removal of penalty (Application 84-09-065).

NOTICE OF PACIFIC BELL'S AMENDED APPLICATION FOR REMOVAL OF PENALTY

In 1983, the California Public Utilities Commission ("Commission") reduced the revenue authorized for Pacific Bell ("Pacific") based upon findings that utilization of certain equipment was less than the Commission considered appropriate.

On September 25, 1984, Pacific filed with the Commission Application No. 84-09-065 requesting that the Commission remove the reduction currently applied to the outside plant portion of Pacific's rate base and authorize Pacific to increase its intrastate rates approximately \$13.8 million annually. On March 25, 1985, Pacific amended its application to include removal of the reduction currently applied to the central office equipment portion of Pacific's rate base. By this amendment, Pacific requests an additional rate increase of \$31.4 million for a total of \$45.2 million. The Amended Application is based on Pacific's determination that it has increased outside plant and central office utilization to the levels found reasonable by the Commission. If the Amended Application is approved, the estimated increase in the average residential customer's monthly bill will be approximately 7 cents. Overall, Pacific's total in-state revenues would increase by .7%.

To recover this additional revenue, Pacific requests an adjustment in the existing negative surcharge (credit) on certain monthly rates for residence and business telephone services. With the adjustment, the negative surcharge would still be a credit on customer bills. (This proposed surcharge is different from the temporary surcharges requested in Pacific's August, 1984 Amended Application on Access Charges and Pacific's January, 1985 Application for General Rate Increase.) The adjustment would not be applied to certain services including coin telephone calls and those portions of CENTREX service and Airport Intercommunications Service included in the rate stability plan.

For other services provided by Pacific, it is estimated that the proposed surcharge adjustment, if adopted by the Commission, will have the following monthly effect:

	<u>PRESENT</u> <u>EFFECTIVE</u> <u>RATE</u> <u>WITH</u> <u>-0.85%</u> <u>SURCHARGE</u>	<u>PROPOSED</u> <u>EFFECTIVE</u> <u>RATE</u> <u>WITH</u> <u>-0.07%</u> <u>SURCHARGE</u>		<u>PRESENT</u> <u>EFFECTIVE</u> <u>RATE</u> <u>WITH</u> <u>-0.85%</u> <u>SURCHARGE</u>	<u>PROPOSED</u> <u>EFFECTIVE</u> <u>RATE</u> <u>WITH</u> <u>-0.07%</u> <u>SURCHARGE</u>
<b>RESIDENTIAL SERVICE</b>			<b>BUSINESS SERVICE</b>		
Flat Rate	\$8.18	\$8.24	Flat Rate	\$17.00	\$17.14
Lifeline Flat Rate	3.35	3.38	Measured Rate	8.18	8.24
Measured Rate	4.41	4.45	Flat Business Trunk	25.43	25.63
Lifeline Measured Rate	1.47	1.48	Measured Business Trunk	8.18	8.24
Foreign Exchange			Foreign Exchange	19.33	19.49
(Individual Line-Flat)	14.87	14.99	Semi-Public Coin	19.83	19.99
Foreign Exchange					
(Individual Line-Measured)	8.43	8.49			

Rates for private line, and certain CENTREX and other services would also be affected.

RECEIVED

DATE: APR 3 - 1985

ALICE M. REIMCHE  
CITY CLERK  
CITY OF LODI

The estimated revenue impacts of specific rate changes (in dollar and percentage terms) are as follows:

	Amount of Increase (Millions)	Average Percent Change In Revenues
Basic Exchange		
Residence	\$6.0	0.78%
Business	2.5	0.78%
Semi-Public	0.2	0.78%
Foreign Exchange	1.0	0.78%
Private Line	2.4	0.78%
CENTREX	0.5	0.78%
Local Usage	4.5	0.78%
Toll Usage	12.3	0.78%
Intrastate Access	10.5	0.78%
Other	5.3	0.78%
Total	45.2	

All final rate determinations applicable to removal of the penalty will be made by the Commission. The Commission may grant rates different from those requested, and the rate changes authorized may be in different classes of service and/or higher for those classes of service listed.

Hearings on this matter have been scheduled to commence at 10:00 a.m. on July 9, 1985 at the Commission's San Francisco offices:

The Commission welcomes your comments. If you would like to participate and need advice on how to do so, write to the Public Advisor, California Public Utilities Commission, 350 McAllister Street, Room 5020, San Francisco, California 94102.

Any comments or inquiries relative to the proposed increase, including a request to receive notice of the date, time and place of any hearing on this Amended Application, may be directed to K. F. Olsen, Staff Director, Pacific Bell, 140 New Montgomery Street, Room 2518, San Francisco, California 94105 or to the Director of Public Affairs, California Public Utilities Commission at 350 McAllister Street, Room 5060, San Francisco, California 94102.

A copy of Pacific's Amended Application and related exhibits will be furnished by Pacific upon written request to K. F. Olsen at the address listed above. In addition, a copy of Pacific's Amended Application and related exhibits may be inspected at its local public offices, at its headquarters at 140 New Montgomery Street, San Francisco, California 94105, or at the offices of the California Public Utilities Commission at:

350 McAllister Street  
San Francisco, CA 94102

or

107 South Broadway  
Los Angeles, CA 90012