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CITY COUNCIL MEETING
SEPTEMBER 5, 1984

PUC APPLICATIONS A notice of Pacific Bell's Amended Application (No. 83-06-65)
on access charges was presented for Council perusal.

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NOTICE OF PACIFIC BELL'S AMENDED APPLICATION ON ACCESS CHARGES
ALICE M. REIMCHE
CITY CLERK
OFFICE OF THE CLERK

In 1983 the California Public Utilities Commission ("Commission") approved Pacific Bell's ("Pacific's") Application* for access charges and decided that they should be paid to Pacific by long distance companies using Pacific's facilities when providing service between Service Areas in California.

Through advancements in technology and competition, long distance companies now have alternatives to using Pacific's facilities for handling long distance calls between Service Areas. Because these companies make a significant contribution to Pacific's revenue requirements through the payment of intrastate access charges, it is important that such charges be set at levels that encourage continued use of our facilities. In August 1984, Pacific filed with the Commission an Amended Application which addresses these concerns.

*Application No. 83-06-65

The Amended Application asks that access charge revenues paid by the long distance companies be reduced by \$232 million. To recover this revenue, Pacific's Amended Application also requests a temporary 13.77% surcharge on certain monthly recurring rates for residence and business telephone services within Service Areas in California. The surcharge would not be applied to certain services including services for the handicapped, local telephone calls, coin telephone calls, Wide Area Telephone Service ("WATS") or long distance services within a Service Area that is provided by Pacific Bell. Our Amended Application does not request an increase in corporate revenues or profits.

The rate reductions applicable to long distance companies are contained in Pacific's Amended Application. For other services provided by Pacific, it is estimated that the proposed 13.77% surcharge will have the following effect:

	<u>Current Charge</u>	<u>With Surcharge*</u>
RESIDENTIAL SERVICE		
• Flat Rate	\$ 8.25	\$ 9.39
• Measured Rate	\$ 4.45	\$ 5.06
• Foreign Exchange (Individual Line-Flat)	\$15.00	\$17.07
• Foreign Exchange (Individual Line-Measured)	\$ 8.50	\$ 9.67

*Reflects revision of existing negative surcharge (credit).

	<u>Current Charge</u>	<u>With Surcharge</u>
BUSINESS SERVICE		
• Flat Rate	\$17.15	\$19.51
• Measured Rate	\$ 8.25	\$ 9.39
• Flat Business Trunk	\$25.65	\$29.18
• Measured Business Trunk	\$ 8.25	\$ 9.39
• Foreign Exchange Lines and Trunks	\$19.50	\$22.19
SEMI-PUBLIC COIN	\$20.00	\$22.75

Private Line rates and rates for certain other services will also be affected.

The estimated revenue impact of specific rate changes (in dollar and percentage terms) are listed below:

	<u>Estimated Amount of Change (Millions)</u>	<u>Estimated Average Percent Change In Revenues</u>
INTRASTATE ACCESS SERVICES (Paid by Interexchange Carriers)	(\$232.0)*	(18.1%)*
BASIC EXCHANGE SERVICES		
Residence Lines	\$ 82.4	13.77%
Business Lines	\$ 32.3	13.77%
Semi-Public Coin	\$ 2.2	13.77%
PRIVATE LINE	\$ 22.4	13.77%
CENTREX	--**	
FOREIGN EXCHANGE SERVICE	\$ 4.1	13.77%
OTHER APPLICABLE RECURRING CHARGES	\$88.6	13.77%

* () Indicates reduced revenues.

** Surcharge applied consistent with Decision Nos. 84-04-016 and 84-06-111.

All of the amounts shown above are estimates. All final rate determinations applicable to intrastate access charges will be made by the Commission after hearings are held. 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 have been scheduled for analyzing the need for the requested rate change and ways of allocating any approved change. The Commission will receive the testimony of Pacific Bell, and the testimony of other interested parties and the Commission staff. The Commission staff consists of engineers, accountants, economists and attorneys who independently evaluate the proposals of utilities for rate increases and present their analyses and recommendations to the Commission.

A copy of Pacific's Amended Application and related exhibits will be furnished by Pacific upon written request directed to:

M. J. Miller
Pacific Bell
140 New Montgomery Street, 17th Floor
San Francisco, California 94105
Telephone No. (415) 542-1266

Requests for further information, including notice of the date, time and place of hearings, may be directed to Pacific at the address listed above or to the Commission offices at:

350 McAllister Street, San Francisco, CA 94102

or

107 South Broadway, Los Angeles, CA 90012