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May 14, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: CC Docket No. 93-129, 800 Data Base Access Tariffs and the 800 Service
Management System Tariff, CC Docket No. 86-10, Provision of 800 Service

On behalf of Pacific Bell, please find enclosed an original and six copies of its "Proposed Refunds" in the above proceeding.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "J. Bennett".

Enclosure

No. of Copies rec'd
List ABOVE

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

MAY 13 1997

In the Matter of

800 Data Base Access Tariffs and the

800 Service Management System Tariff

and

Provision of 800 Services

CC Docket No. 93-129

CC Docket No. 86-10

PACIFIC BELL'S SCHEDULE OF PROPOSED REFUNDS

I. **INTRODUCTION**

Pacific Bell ("Pacific") hereby presents its schedule of proposed refunds in compliance with the Commission's April 14, 1997 order addressing refunds associated with disallowed 800 data base exogenous costs.¹ The *Order on Reconsideration* required Pacific and other LECs to file a schedule of proposed refunds and refund plan within 30 days of the *Order's* release. Paragraph 21 of the *Order on Reconsideration* also provided that the LECs should accompany their refund plans with a description of how the proposed refunds were calculated and the LEC's plan to implement the refund. Pacific hereby complies with the *Order on Reconsideration*.

¹ *800 Data Base Access Tariffs and the 800 Service Management System Tariff*, CC Docket No. 93-129, and *Provision of 800 Services*, CC Docket No. 86-10, FCC 97-135, *Order on Reconsideration* (rel. April 14, 1997) ("*Order on Reconsideration*").

II. 800 DATA BASE REFUND CALCULATION DESCRIPTION

Pacific's calculation of its 800 data base refund is shown on Workpaper II. For Pacific, the total disallowed exogenous costs were \$6,079,457.² These exogenous costs were included in Pacific's price caps indices ("PCIs") effective May 1, 1993; PCIs reflecting removal of these disallowed exogenous costs were effective December 21, 1996. Therefore, any refunds for the recovery of this disallowed cost would only apply to the period beginning May 1, 1993 and ending December 20, 1996. As shown in Workpaper II, the refunds for 1993, 1994, 1995 and 1996 are as follows:

1993 (May 1-Dec 31)	1994	1995	1996 (Jan 1-Dec 20)
2,647,232	3,711,456	5,126,410	6,138,414

More specific details regarding the refund calculation follow.

A. Principal

The monthly principal amount from May 1993 through November 1996 is calculated as one twelfth of the disallowed exogenous cost, or $1/12 \times \$6,079,457 = \$506,621$.

The principal for December 1996 is calculated as the proportion of days the disallowed exogenous costs were in our rates in December divided by the total days in December times the monthly amount, or $20/31 \times \$506,621 = \$326,853$.

The total principal for May 1, 1993 through December 20, 1996 is \$22,111,573.

² *800 Data Base Access Tariffs and the 800 Service Management System Tariff*, CC Docket No. 93-129, and *Provision of 800 Services*, CC Docket No. 86-10, FCC 96-392, *Report and Order* (rel. Oct. 28, 1996) ("*Report and Order*"), Appendix D.

B. Interest

The total interest expense through June 30, 1997 is \$3,579,430. Interest is accrued on principal amounts in each calendar year beginning on the first day of the year following the year at issue. Interest is calculated using the Internal Revenue Service rate and is compounded daily.

For example, the principal for 1993 is \$4,052,971. Interest begins accruing on that amount on January 1, 1994, and is compounded daily thereafter until June 30, 1997. Interest begins accruing on the 1994 principal amount of \$6,079,457 on January 1, 1995 and so on. The calculation of the interest amounts is shown on Workpaper I.

C. Sharing Offset

Pacific earned above 12.25% on interstate services subject to price cap regulation for 1993, 1994 and 1995. Because Pacific was operating under a sharing requirement in 1993 and 1994, and the first half of 1995, Pacific shared fifty percent of its earnings above the 12.25% cap with ratepayers via an exogenous cost reduction to its PCIs for those years. Since Pacific was subject to the earnings cap for only the first half of 1995, it shared only twenty-five percent of its earning above cap for that year. Therefore, in its refund plan, Pacific has reduced its liability for 1993, 1994 and 1995 by the appropriate factor to reflect the fact that it has already returned part of the liability for the disallowed 800 data base exogenous costs to ratepayers via the sharing mechanism.

Workpaper II shows the offset year by year. The total amount of the offset for sharing is \$8,067, 491.

D. Net Liability (Principal Plus Interest Less Sharing Offset)

The net liability for disallowed exogenous costs plus interest less the sharing offset is \$17,623,512.

III. REFUND IMPLEMENTATION PLAN DESCRIPTION

Pacific is using its Interexchange Carrier Identification ("ICID") records to identify 800 data base usage and revenue for 1993 to 1996, by customer. Pacific has accumulated usage and revenue for each carrier in the ICID data base for each period, and has divided by the total usage and revenue for the same period to determine each ICID carrier's relative use of 800 data base service. Our distribution of the refund will be based on individual carrier revenues.

Upon approval from the Commission, Pacific's proposed refund plan is to apply credits to each customer's bill. This methodology is reasonable since it refunds to customers in proportion to their purchase of the service for the entire refund period. Moreover, the refund accounts for any price changes that have occurred.

IV. CONCLUSION

Pacific respectfully requests that the Commission accept its proposed refund schedule.

Respectfully submitted,

PACIFIC BELL



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Date: May 14, 1997

Pacific Bell
800 Data Base Liability Calculation - Interest Detail

Int Month ->	Jan-94	Feb-94	Mar-94	Apr-94	May-94	Jun-94	Jul-94	Aug-94	Sep-94	Oct-94	Nov-94	Dec-94	
IRS Rate ->	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	
	31	28	31	30	31	30	31	31	30	31	30	31	
<u>Principal</u>													
Dec-93	4,052,971	20,705	18,792	20,906	20,334	21,117	20,538	24,895	25,043	24,378	28,970	28,223	29,360

Int Month ->	Jan-95	Feb-95	Mar-95	Apr-95	May-95	Jun-95	Jul-95	Aug-95	Sep-95	Oct-95	Nov-95	Dec-95	
IRS Rate ->	8.00%	8.00%	8.00%	9.00%	9.00%	9.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
	31	28	31	30	31	30	31	31	30	31	30	31	
<u>Principal</u>													
Dec-93	4,052,971	29,560	26,872	29,944	32,832	34,183	33,330	30,833	31,043	30,243	31,461	30,650	31,884
Dec-94	6,079,457	41,443	37,675	41,982	46,032	47,925	46,729	43,228	43,522	42,401	44,108	42,971	44,702

Int Month ->	Jan-96	Feb-96	Mar-96	Apr-96	May-96	Jun-96	Jul-96	Aug-96	Sep-96	Oct-96	Nov-96	Dec-96	
IRS Rate ->	8.00%	8.00%	8.00%	7.00%	7.00%	7.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
	31	29	31	30	31	30	31	31	30	31	30	31	
<u>Principal</u>													
Dec-93	4,052,971	32,013	30,145	32,436	27,639	28,727	27,963	33,230	33,456	32,593	33,905	33,030	34,360
Dec-94	6,079,457	44,883	42,264	45,475	38,750	40,276	39,204	46,588	46,905	45,696	47,535	46,309	48,173
Dec-95	6,079,457	41,329	38,917	41,875	35,682	37,087	36,100	42,900	43,191	42,078	43,771	42,642	44,359

Int Month ->	Jan-97	Feb-97	Mar-97	Apr-97	May-97	Jun-97	Total		
IRS Rate ->	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	<u>Interest</u>	<u>Total</u>	
	31	28	31	30	31	30			
<u>Principal</u>									
Dec-93	4,052,971	34,688	31,535	35,140	34,234	35,613	34,695	1,241,492	5,294,464
Dec-94	6,079,457	48,633	44,212	49,266	47,997	49,929	48,643	1,343,456	7,422,913
Dec-95	6,079,457	44,783	40,711	45,366	44,197	45,976	44,792	755,756	6,835,213
Dec-96	5,899,688	40,491	36,810	41,018	39,961	41,570	40,499	238,726	6,138,414
TOTAL	22,111,573							3,579,430	25,691,003

**Pacific Bell
800 Data Base Liability Calculation**

<u>Year</u>	<u>Principal</u> (a)	<u>Interest</u> (b)	<u>Subtotal</u> (c=a+b)	<u>Offset for Sharing</u>		<u>Net Liability</u> (f=c-e)
				<u>Factor</u> (d)	<u>Amount</u> (e=c*d)	
1993	4,052,971	1,241,492	5,294,464	50%	2,647,232	2,647,232
1994	6,079,457	1,343,456	7,422,913	50%	3,711,456	3,711,456
1995	6,079,457	755,756	6,835,213	25%	1,708,803	5,126,410
1996	5,899,688	238,726	6,138,414	0%	-	6,138,414
TOTAL	22,111,573	3,579,430	25,691,003		8,067,491	17,623,512