



REGULATORY AGENCY ACTION

disciplinary action taken against him/her, and (3) takes and passes a clinical examination. This bill is also pending in the Assembly Health Committee.

SB 2536 (Craven) would add the charging of an unconscionable fee to the grounds for disciplinary action allowed by existing law. This bill is pending in the Senate Business and Professions Committee.

SB 2267 (Greene) would provide that no medical school or clinical training program shall discriminate with respect to offering elective clerkships or preceptorships in any medical school or clinical training program in this state against students enrolled in an approved osteopathic or medical school. *SB 2267* was set for an April 11 hearing in the Senate Business and Professions Committee.

SB 2491 (Montoya). Existing law prohibits health facilities, health care service plans, nonprofit hospital service plans, disability insurance policies, self-insured employer welfare benefit plans, and various public entities from discriminating with respect to employment, staff privileges, or the provision of professional services against a licensed physician or surgeon on the basis of whether the physician or surgeon holds a DO or MD degree. This bill would further clarify the extent to which a health facility is prohibited from discriminating against a physician or surgeon who holds a DO degree. This bill was set for a May 2 hearing in the Senate Business and Professions Committee.

FUTURE MEETINGS:

To be announced.

PUBLIC UTILITIES COMMISSION

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The California Public Utilities Commission (PUC) was created in 1911 to regulate privately-owned utilities and ensure reasonable rates and service for the public. Today the PUC regulates the service and rates of more than 25,000 privately-owned utilities and transportation companies. These include gas, electric, local and long distance telephone, radio-telephone, water, steam heat utilities and sewer companies; railroads, buses, trucks, and vessels transporting freight or passengers; and wharfingers, carloaders, and pipeline operators. The Commission does not regulate city- or

district-owned utilities or mutual water companies.

It is the duty of the Commission to see that the public receives adequate service at rates which are fair and reasonable, both to customers and the utilities. Overseeing this effort are five commissioners appointed by the Governor with Senate approval. The commissioners serve staggered six-year terms.

In late 1987, the PUC renamed three of its organizational units to clarify their roles and responsibilities. The former Evaluation and Compliance Division, which implements Commission decisions, monitors utility compliance with Commission orders, and advises the PUC on utility matters, is now called the Commission Advisory and Compliance Division. The former Public Staff Division, charged with representing the long-term interests of all utility ratepayers in PUC rate proceedings, is now the Division of Ratepayer Advocates. The former Policy and Planning Division is now the Division of Strategic Planning.

The PUC is available to answer consumer questions about the regulation of public utilities and transportation companies. However, it urges consumers to seek information on rules, service, rates, or fares directly from the utility. If satisfaction is not received, the Commission's Consumer Affairs Branch (CAB) is available to investigate the matter. The CAB will take up the matter with the company and attempt to reach a reasonable settlement. If a customer is not satisfied by the informal action of the CAB staff, the customer may file a formal complaint.

MAJOR PROJECTS:

En Banc Informational Hearings on Trucking Regulation. On March 10, 11, and 18, the PUC held informational hearings on trucking regulation. (See CRLR Vol. 8, No. 1 (Winter 1988) p. 106 for background information.) The hearings are a result of increasing public, legislative, and industry interest in and concern about the current regulatory approach of the PUC. Topics which have received a great deal of public attention include a possible relationship between rate regulation and safety; the effects of rate regulation on the trucking prices paid by shippers and ultimately by consumers; the effects of regulation on the competitiveness of California as a location for industry; and implementation of the Commission's recently-adopted general freight program.

Modern Commission regulatory programs have evolved from regulatory programs initiated in the 1930s. Tradition-

ally, the PUC applied minimum rate tariff regulation to all regulated carriers. Over the past ten years, it has modified its regulatory approach in many trucking sectors either by deregulating them or requiring carriers to file their own cost-based tariffs with the Commission. The initial impetus for these regulatory changes was a report issued by the Little Hoover Commission in 1976 which recommended deregulation, and subsequent PUC investigations which found that a variety of regulatory changes were appropriate.

More recently, a number of studies have been undertaken reviewing the Commission's regulatory policies and trucking regulation in general. Numerous academic studies have observed economic benefits from interstate trucking deregulation. Others have arrived at opposite conclusions. Last year, the Office of the Legislative Analyst recommended that the Commission reconsider its regulatory programs and deregulate the rates of for-hire carriers. In July and November 1987, the Commission's Transportation Division submitted reports to the legislature on the relationship between safety and economic regulation in response to AB 2678 (1986). The Commission is also currently reevaluating the effects of its new general freight regulatory program and the role of sub-haulers in the industry. Finally, various legislative initiatives have proposed both more and less regulation of the industry.

Currently, the Commission applies three general approaches to regulation of the trucking industry under its jurisdiction:

-Minimum Rate Regulation (MRT). Under MRT, carriers may not charge rates any lower than those set by the PUC unless a carrier receives Commission approval for deviations from those rates. MRT applies to dump trucks, livestock carriers, and household goods carriers. Regulation of cement carriers is similar to MRT regulation.

-Individually Filed Tariffs (IFT). General freight carriers file their own tariffs and contracts with the Commission based on their costs of service. They may change those "base" rates whenever they wish so long as they can justify the cost of the changes and show that they contribute to profitability. Once per quarter, carriers may increase or decrease their rates without cost justification, but the changes must remain within 5% of filed base rates.

-Deregulation of Rates and Entry. Over the past ten years, the Commission



has eliminated economic regulation of fresh fruit and vegetable carriers, petroleum tank trucks, and hay and grain carriers.

At the *en banc* hearings, the Commission sought views on the following possible policy objectives and the type of regulatory framework which would best meet these objectives:

-Economic Efficiency. To what extent should the Commission consider economic efficiency in designing regulation of the trucking industry? How does PUC regulation affect economic efficiency?

-Effects on Pricing. What are the effects of regulation on trucking rates? Are they higher than prices which would occur in an unregulated trucking industry?

-Adequate Service to the Public. Is regulation required to promote and maintain adequate service to the public, particularly in the more rural parts of the state?

-Public Safety. What is the relationship between economic regulation and highway safety? How can the PUC and the California Highway Patrol improve their cooperative efforts to promote safety?

-Labor Issues. How does economic regulation affect employment in the transportation industry? Is the impact of regulation on working conditions an appropriate regulatory objective for the PUC?

-Treatment of Subhauers. The Commission does not regulate the rates paid to subhauers except in the dump truck and cement sectors. What are the characteristics of subhauers as a group?

-Federal Policy. What are the effects of federal deregulation?

-Matching Regulatory Programs to Industry Sectors. Does it make sense to treat industry segments differently?

-Procedural Issues. Should the Commission reconsider any of its existing programs?

Testifying at the hearings were academicians, representatives from the PUC's Division of Ratepayer Advocates (DRA), the California Trucking Association, the California Manufacturers Association, the Teamsters, California Coalition for Trucking Deregulation, the Small Business Administration, the California Carrier Association, the California Dump Truck Owner Association, the Trucking Support Services Team, the California Moving and Storage Association, the Legislative Analyst's Office, and the Center for Public Interest Law (CPIL).

CPIL Director Robert C. Fellmeth testified to the Center's position that the current system of rate regulation is conceptually flawed in that there is little

nexus between safety, service, or other external cost concerns and the imposition of minimum rates. The regulator is able to enforce rules to ameliorate any such harms by means other than the assurance of minimum prices.

CPIL conducted a preliminary survey of one of the most highly regulated trucking groups: dump trucks. Those who responded were 95% supportive of minimum rates and regulation, but their responses to other questions revealed little support for the common minimum rate justifications. They denied a service or safety issue, and overwhelmingly contended that they were quite familiar with their own costs and knew how to set rates to achieve a compensable return. Their clear rationale for industry collusion and minimum rates is a fear of lost profits from competition.

CPIL proposed that the PUC develop a regulatory policy which is rationally related to the ends sought to be achieved. One possibility is to implement a "permit" system where entry and exit are easy. Permits could be revoked when warranted to protect the public, where responsibilities are shirked, or unfair trade practices occur.

The DRA called for deregulation, as did the California Manufacturers Association. The California Trucking Association and the Teamsters are among the proponents for continued regulation.

San Diego Gas & Electric General Rate Case. On January 15, the PUC opened an investigation into the rates, charges, and practices of San Diego Gas & Electric Company (SDG&E). SDG&E seeks a \$22.4 million increase in gas rates, a \$36 million decrease in electricity rates, and a \$0.4 million increase for steam service. The DRA has indicated that it may recommend a larger decrease in SDG&E's electricity rates and challenge the utility's request to increase gas rates. DRA has also stated it may want to bring up issues and make recommendations which are beyond the confines of SDG&E's request.

The PUC's hearing schedule for the SDG&E rate case includes evidentiary hearings between March and November 1988.

Pacific Bell Rate Case. The PUC has concluded Phase 2 of its revenue requirements review in the Pacific Bell General Rate Case. In its decision, the PUC has ordered Pacific Bell to reduce the revenue it is authorized to collect in rates by \$86.4 million.

The PUC also has ordered that Pacific Bell's existing surcharges for access and other-than-access services be reduced by

-9.08% and -.19% respectively as of January 1, 1988. This decision is expected to result in a decrease of 38 cents in the average residential customer's monthly bill.

Because of the complexity of the Pacific Bell Rate Case, the PUC has divided its review into three phases. The third phase is pending. In its March 1986 interim decision in Phase 1, the PUC reduced Pacific Bell's revenue requirement by \$120.6 million. In Phase 2, the PUC held further hearings on several issues, including abusive marketing practices, productivity, plant utilization and modernization, bilingual service, and rate design.

The PUC has previously ordered Pacific Bell to refund \$27.5 million to ratepayers who unwittingly subscribed to enhanced phone services as a result of Pacific Bell's deceptive marketing practices. (See CRLR Vol. 7, No. 2 (Spring 1987) p. 106 for background information.) However, the PUC has found that one-half to two-thirds of the affected ratepayers have still not sought the refunds to which they are entitled. Therefore the PUC has ordered Pacific Bell to undertake a second notification and refund campaign.

In addition, Pacific Bell is to set aside \$16.5 million in shareholder monies to fund a ratepayer education program. The program will be directed by a consumer-oriented disbursement committee rather than by the utility. This fund will be used over the next several years to educate ratepayers about the types and costs of services available to them in the increasingly complex telecommunications environment.

976 Telephone Numbers. On January 29, the PUC decided to rehear part of its December 1987 decision to allow blocking of 976 Information Access Service (IAS) calls for business and commercial customers. (See CRLR Vol. 8, No. 1 (Winter 1988) pp. 106-07 for background information.)

In December 1987, the PUC directed local phone companies to provide a way for telephone customers who so desire to prevent anyone from dialing a 976 number from their phone. Pacific Bell announced it would provide blocking at a charge of \$2 for residential customers and \$5 for business customers. In January, consumer groups argued to the Commission that customers should not be required to pay the blocking charge; rather, the fee should be paid by the companies which provide the services.

On March 11, the PUC reversed its December decision, and reduced the \$2



blocking fee to one cent. The Commission announced it would soon begin hearings to determine whether the actual cost of mechanically blocking a telephone should be charged to the firms providing the 976 services.

Deaf and Disabled Telecommunications Program. The PUC has initiated a proceeding to find new ways to fund the state's Deaf and Disabled Telecommunications Program, as well as explore the possibility of reducing some of the program's services. This proceeding is to offset a projected significant deficit in the program anticipated in April 1988. (See CRLR Vol. 8, No. 1 (Winter 1988) p. 108 and Vol. 7, No. 4 (Fall 1987) p. 106 for background information.) Administrative Law Judge William A. Turkish presided over public evidentiary hearings, which were scheduled throughout March.

Several additional funding sources are currently being considered, including the application of a monthly surcharge to customers of radio-telephone and cellular companies; and the application of a \$1 surcharge to each PBX trunk and a monthly ten-cent surcharge to each Centrex line.

Personal Phone Number Fee for GTE Customers. The PUC has decided to allow GTE to charge customers who want to personalize their telephone numbers by selecting the last four digits. There will be a one-time charge of \$35 for residential numbers and a charge of \$60.75 for business numbers. In addition, there will be a monthly charge of \$1.50 for residential phones and \$3.50 for business phones.

Currently, there is no charge to customers who ask for personalized numbers; the costs involved are combined into the rates paid by all customers. The PUC said its policy is to have the "cost causer" bear the expense rather than the general body of ratepayers. The new charge went into effect on March 7. Existing customers who already have personalized numbers will be "grandfathered in" and will not be billed for the service.

LEGISLATION:

AB 971 (Costa) would create the Los Angeles-Fresno-Bay Area/Sacramento High-Speed Rail Corridor Study Group and direct it to study, develop, and recommend a plan for the development of a high-speed rail corridor between the northern and southern part of the state. The Public Utilities Commission is one of the agencies responsible for appointing a representative to the group.

AB 971 is pending in the Senate Appropriations Committee.

AB 2279 (Friedman) would establish rules of discovery governing any matter, not privileged, which is relevant to the subject matter involved in rate proceedings involving an electrical, gas, telephone, or water corporation. This bill is pending in the Senate Committee on Energy and Public Utilities.

AB 2494 (Friedman). Existing law provides that, where a public utility furnishes residential electrical, gas, heat, or water service either through a master meter or individual meters to a multiunit residential structure or mobilehome park, the public utility is required to give ten days' notice of termination for nonpayment and to inform the residents or users that they may elect to become customers of the utility. AB 2494 would limit these existing provisions to individually metered residential service. With respect to the furnishing of power through a master meter, the bill would require fifteen days' written notice of termination posted on the door of each residential unit or in every accessible common area. The bill would further require the notice to specify the requirements for maintaining service and the phone number of legal services. This measure passed the Assembly and is pending in the Senate Committee on Energy and Public Utilities.

AB 2730 (Moore) would direct the PUC, in establishing public utility rates, not to reduce or otherwise change any wage rates, benefit, working condition, or other term of employment that was the subject of collective bargaining. AB 2730 is pending in the Assembly Ways and Means Committee.

AB 3368 (Wright) would authorize any privately-owned or publicly-owned electric utility, private energy producer, or qualified producer, as defined, to apply to the PUC for an order requiring any electric utility to provide transmission service, including any necessary increase in, or expansion of, transmission capacity necessary for this service. This bill is pending in the Assembly Committee on Utilities and Commerce.

AB 3553 (Moore) would enact the Public Utility Rate Proceeding Simplification Act of 1988, requiring the PUC to adopt procedures for an annual review proceeding to establish rates of each electrical, gas, and telephone corporation with gross annual revenues exceeding \$100,000,000. This bill is pending in the Assembly Committee on Utilities and Commerce.

AB 3579 (Moore) would require the PUC to order the establishment of rate-

payer classifications which accurately reflect the characteristics of telephone customers and subscribers. AB 3579 is pending in the Assembly Committee on Utilities and Commerce.

AB 4075 (Kaiz), as amended on March 16, would direct the PUC to require that all charges to delete access to IAS telephone services (976 numbers) be borne by providers of IAS services rather than residential subscribers. The bill would specify that the handling of complaints concerning the services shall not include provision for a waiver of any charges for a first occasion of the inadvertent or mistaken use of these services. AB 4075 is pending in the Assembly Committee on Utilities and Commerce.

AB 4174 (Moore) would direct the PUC to require every local telephone corporation to provide tone-dialing service at no additional charge over that for pulse-dialing (rotary) service. AB 4174 is also pending in the Assembly Committee on Utilities and Commerce.

AB 4579 (Moore) would require every owner or operator of coin-operated telephones for public use which is not a telephone corporation and which provides operator-assisted services by other than a telephone corporation to post on or near the telephone the name of the provider of the operator-assisted services, a toll-free number for contacting that provider, the applicable charges for each available operator-assisted service, and a statement that the provider will respond to inquiries. AB 4579 is pending in the Assembly Utilities and Commerce Committee.

SB 679 (Rosenthal) would direct the PUC to require every telephone corporation which furnishes IAS services to establish a separate telephone prefix number for information providers which provide sexually explicit messages. The bill also would direct the Commission to require the telephone corporation to offer residential subscribers the option of deleting access to the telephone prefix number which accesses sexually explicit messages. This bill has passed the Senate and is pending in the Assembly Utilities and Commerce Committee.

SB 680 (Rosenthal) would require the PUC to report its findings, recommendations, and proposed regulatory changes emerging out of a Commission study into the rates and services of telephone corporations operating within service areas. SB 680 passed the Senate and is pending in the Assembly Ways and Means Committee.

SB 819 (Rosenthal), as amended



March 24, would (among other things) specify that the PUC shall permit individual public utility customers and subscribers, and organizations formed to represent their interests, to testify at rate hearings. This bill is pending in the Assembly Ways and Means Committee.

SB 987 (Dills). Existing law requires the PUC to designate a baseline quantity of electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer. This bill would direct the Commission to establish an assistance program for low-income customers. The bill would alter the present method of calculation of the baseline rate, and instead direct the Commission to ensure that the revenue requirements under baseline rates be met. SB 987 is pending in the Assembly Committee on Utilities and Commerce.

SB 1762 (Rosenthal) would direct the PUC to require local telephone corporations which offer maintenance and repair services for inside wiring to develop a program for the maintenance and repair of inside wiring in multiunit residential structures. This bill was set for an April 12 hearing in the Senate Committee on Energy and Public Utilities.

SB 1800 (Rosenthal) would direct the PUC to develop standards of competitiveness for telephone corporations. This measure would direct the Commission to report on those standards to the legislature by January 15, 1990. SB 1800 was also set for an April 12 hearing in the Senate Committee on Energy and Public Utilities.

SB 1822 (Rosenthal) would require every electrical, gas, and telephone corporation to prepare and submit an annual report to the PUC describing all transactions between the corporation and every subsidiary, affiliate, and holding company, including specified matters. The bill would direct the PUC to periodically audit all these transactions and would permit the PUC to use an independent auditor for these purposes. This bill is pending in the Senate Appropriations Committee.

SB 1844 (Russell), as amended on March 21, would declare that the PUC has no jurisdiction and control over the billing and collection practices of a telephone corporation for its services to an information provider furnishing any live or recorded video text or audio information or interactive message service, and that these are matters for contractual arrangements between the telephone corporation and the information provider. The bill would also require the PUC to

report to the legislature by January 1, 1990, on any anticompetitive effects resulting from this bill. SB 1844 is pending in the Senate Committee on Energy and Public Utilities.

SB 2461 (Kopp). Under existing law, the PUC is directed to require telephone corporations to offer subscribers a means to delete access to IAS services. This bill would direct the PUC to require deletion of access in an entire area where telephone corporation equipment does not permit deletion of access by individual subscribers, and to require that all charges for this deletion be borne by IAS providers. SB 2461 is pending in the Senate Committee on Energy and Public Utilities.

SB 2605 (Montoya) would direct the PUC to require that all charges regarding deletion of IAS services be borne by providers of IAS services rather than residential customers. This bill is pending in the Senate Committee on Energy and Public Utilities.

SB 2656 (Rosenthal) would direct the PUC to adopt and enforce operating requirements governing coin-activated telephones available for public use that are owned or operated by companies other than a telephone corporation. This bill was set for an April 12 hearing in the Senate Committee on Energy and Public Utilities.

SB 2787 (Nielsen) would direct the PUC to prohibit the use of IAS or any other telephone service by any information provider who provides obscene or indecent messages. This bill would provide for a \$1 surcharge on each call to services which provide obscene or indecent messages. The money would be deposited in the Victim-Witness Assistance Fund. This bill was set for an April 12 hearing in the Senate Committee on Energy and Public Utilities.

SB 2822 (Alquist) would direct the PUC to investigate and report on problems associated with metallic toy balloons which, if released, may short-circuit electrical power lines. SB 2822 was set for an April 12 hearing in the Senate Committee on Energy and Public Utilities.

RECENT MEETINGS:

On January 13, the PUC opened a formal investigation into AT&T Communications of California's (AT&T-C) plan to bill residential and business customers directly for long distance calls and services provided to them by AT&T-C. AT&T-C plans to begin the separate billing in June 1988. As part of this investigation, the PUC will examine:

-whether the PUC should adopt guide-

lines for billing services which cut across AT&T-C and local telephone companies;

-the extent to which previous PUC decisions have ratified or included the financial effects of separate billing;

-whether any adjustment to AT&T-C's billing expenses is appropriate;

-whether separate billing can or should be made optional to customers who want separate bills from AT&T-C;

-any other separate versus combined billing-related matters and/or customers' concerns which may arise during the course of the investigation, including rate and other impacts to ratepayers.

At its January 28 meeting, the PUC ordered all gas, electric, and telephone utilities to file with the PUC, within sixty days, adjusted tariffs and/or compliance filings to reflect the impact of the federal Tax Reform Act of 1986 on their revenue requirements. The Tax Reform Act reduced federal income tax rates and included other changes which affect revenue requirements of utilities and impact on ratemaking. (See CRLR Vol. 7, No. 2 (Spring 1987) pp. 105-06 and Vol. 7, No. 1 (Winter 1987) p. 95 for background information.) The PUC's action was based on its policy that any tax savings accrued by utilities as a result of the tax law changes should be passed on to ratepayers through reduced rates.

At its meeting on February 17, the PUC affirmed the rejection by its executive director of applications by Pacific Gas & Electric, SDG&E, and Southern California Edison for certificates of public convenience and necessity to construct and operate the California-Oregon Transmission (COT) Project. The proposed COT was a 500-kv AC transmission line starting at the California-Oregon border and extending through Alameda, Colusa, Contra Costa, Glenn, Merced, Modoc, Sacramento, San Joaquin, Shasta, Siskiyou, Solano, Tehama, and Yolo counties. Its proponents included municipalities and public agencies as well as the three regulated utilities. The PUC responded to appeals by each of the three utilities by concluding that the applicants failed to provide a clear undisputed project description as required.

On February 24, the PUC released its most recent annual report of railroad accidents in California. The report covers calendar year 1986 and shows a 33% drop in accidents on railroad lines. Vehicle-train accidents at public crossings have been reduced by 56% in the last ten years. Track roadbed and structure defects were the leading causes of train accidents in 1986 and accounted for 42% of the accidents. As a result, the



PUC's Transportation Division made inspection and correction of gauge and other crucial track defects a high priority. Human factor accounted for 15% of accidents, and mechanical failures for 16%.

FUTURE MEETINGS:

The full Commission usually meets every other Wednesday in San Francisco.

STATE BAR OF CALIFORNIA

President: Terry Anderlini

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The State Bar of California was created by legislative act in 1927 and codified in the California Constitution by Article VI, section 9. The State Bar was established as a public corporation within the judicial branch of government, and membership is a requirement for all attorneys practicing law in California. Today, the State Bar has over 110,000 members, more than one-seventh of the nation's population of lawyers.

The State Bar Act designates the Board of Governors to run the State Bar. The Board consists of 23 members: fifteen licensed attorneys elected by lawyers in nine geographic districts; six public members variously appointed by the Governor, Assembly Speaker, and Senate Rules Committee and confirmed by the state Senate; a representative of the California Young Lawyers Association (CYLA) appointed by that organization's Board of Directors; and the State Bar President. With the exception of the CYLA representative, who serves for one year, and the State Bar president, who serves an extra fourth year upon election to the presidency, each Board member serves a three-year term. The terms are staggered to provide for the selection of five attorneys and two public members each year.

The State Bar includes 22 standing committees, 16 sections in 14 substantive areas of law, Bar service programs, and the Conference of Delegates, which gives a representative voice to the 113 local bar associations throughout the state.

The State Bar and its subdivisions perform a myriad of functions which fall into six major categories: (1) testing State Bar applicants and accrediting law schools; (2) enforcing professional standards and enhancing competence; (3) supporting legal services delivery and access; (4) educating the public; (5) improving the administration of justice; and (6) providing member services.

MAJOR PROJECTS:

Second Progress Report of the State Bar Discipline Monitor. In his 118-page report released on April 1, State Bar Discipline Monitor Robert C. Fellmeth stated that although the Bar has moved progressively and constructively toward remedying major discipline system problems, critical defects still exist in several areas. (See CRLR Vol. 8, No. 1 (Winter 1988) pp. 108-09; Vol. 7, No. 4 (Fall 1987) p. 108; and Vol. 7, No. 3 (Summer 1987) pp. 1 and 133 for background information.) According to the report, these defects include a remaining case backlog in the Office of Investigations (OI), a growing number of cases awaiting the drafting and filing of an accusation in the Office of Trial Counsel (OTC), a serious lack of resources, and a structurally defective hearing and appeal process within the State Bar Court.

At the time of the Monitor's First Progress Report in November 1987, the backlog in OI included about 2,500 investigations over six months old. By March 1988, the backlog had been reduced to 1,500 cases. However, the current OI backlog consists of a ratio in excess of 50% of hard-core cases which merit issuance of formal accusations, rather than the anticipated 10% ratio. The result is that 700-1,000 cases warranting notices to show cause (NTSC) remain in the OI backlog. Investigators are burdened by a caseload at well above manageable levels (between 90-110 cases per investigator). Also, intervention by OI attorneys to help OI reduce the backlog has resulted in a backlog of over 600 cases (involving over 300 accused attorneys) in OTC awaiting the filing of formal charges. Thus, the number of cases requiring investigation has been reduced but has resulted in a backlog of meritorious cases awaiting NTSC filing. Since these cases are still technically under investigation, they are not made public, and the attorneys involved continue to practice.

A problem related to the backlog is the Bar's difficulty in employing the remedy of interim suspension pending disciplinary proceedings, under Business and Professions Code section 6007(c). Less than ten attorneys have suffered interim suspension during the past year, according to the Bar Monitor's report.

The Bar does not have the resources needed to remedy discipline problems. The report states that at least ten more OI investigators are needed, as well as ten OTC attorneys. In addition, the OTC is seeking additional paralegal help and the report suggests the paralegal pay

rate should be studied to determine whether it is at market level.

The Second Progress Report also found that the Bar does not have adequate financial resources to tackle reduction of the complaint backlog in order to comply with the legislative mandate to do so. If the Bar is not granted its requested budget for 1989 in early 1988 (to shore up the 1988 deficiency resulting from the Bar's failure to request an additional discipline surcharge in 1988), "the discipline system will become a shambles," according to the report.

Bar Dues Increase. In January, the Board of Governors voted to ask the legislature for permission to raise dues to \$470 in 1989 for attorneys practicing three years or more—nearly \$200 more than this year's rate. At this writing, the Bar intends to increase its "basic dues" (that is, dues to maintain the Bar's regular programs) by approximately \$30; and it will request an additional dues surcharge of \$165, of which \$145 would go toward improvement of the disciplinary system. The other \$20 is earmarked for the Client Security Fund, which compensates clients who have had money stolen from them by attorneys.

At the March meeting, the Board of Governors tentatively approved recommendations made by the Board's Committee on Administration and Finance to scale down Bar dues for attorneys in certain income brackets, and allow Bar members to use credit and installment plans to pay Bar dues. A final vote is pending the results of a study of the financial impact of such procedures, and a thirty-day public input period which was scheduled to begin in April. A subcommittee proposed that dues scaling would be based on adjusted gross income listed in federal income tax returns. Attorneys who make between \$18,500 and \$23,500 would receive a fee reduction to the 1989 "basic dues" \$207 rate charged attorneys in practice from one to three years; attorneys who made less than \$18,500 would receive a reduction to the \$177 rate charged attorneys in practice for less than one year.

Transferring Discipline Cases to State Court of Appeal. In February, a blue-ribbon commission recommended that Bar discipline cases be transferred from the state Supreme Court to the state court of appeal. (See CRLR Vol. 8, No. 1 (Winter 1988) p. 109 for background information.) Currently, all disciplinary recommendations go directly to the Supreme Court for adoption. Members of the Select Committee on the Internal