

Decision No. 79649

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the rates, tolls, rules, charges, operations, separations, practices, contracts, service and facilities of The Pacific Telephone and Telegraph Company.

Case No. 9044
(Filed April 7, 1970)

Investigation on the Commission's own motion into the rates, tolls, rules, charges, operations, separations, practices, contracts, service and facilities of the telephone operations of all the telephone corporations listed in Appendix A attached hereto.

Case No. 9045
(Filed April 7, 1970)

(See Appendix A for appearances)

INTERIM OPINION AND ORDER

Decision No. 79033, dated August 10, 1971, enlarged the scope of the remaining issues in these proceedings from the previous designation of "Data Exchange Service Phase" to the revised designation of "Unusual Business Usage Phase". That decision also discussed the formation by Commission staff personnel of a joint committee with representatives from the Commission staff, from telephone utilities and from business users of telephone services. December 8, 1971 was established as the deadline for presentation of a preliminary report by that committee. A further prehearing conference was set for that same date.

Prehearing conferences were held by Commissioner Sturgeon and Examiner Catey in San Francisco on August 4 and December 8, 1971. None of the parties objected to the Examiner's proposal that the

Reporter's Transcripts of those prehearing conferences be made a part of the formal record in these proceedings and that Exhibits Nos. A-1 and A-2 which were identified at the prehearing conference be received by order of the Commission. Rule 50 of the Commission's Rules of Practice and Procedure provides that, without such concurrence by the parties, facts disclosed in prehearing conferences are privileged.

The preliminary report of the joint committee was presented as Exhibit A-1. It includes a discussion of the formation of the committee, a review of the basic issues, a summary of the work done by the committee, and conclusions reached by its members. Supplemental information was presented in Exhibit No. A-2 by Business Equipment Manufacturers Association.

One of the principal concerns in these proceedings has been the actual or potential service difficulties in the telephone exchange network which may result from unusual usage. Based upon the preliminary work of the committee, its members are unanimous in the conclusion expressed by staff counsel that there is no emergency situation with respect to service problems caused by unusual business usage in the State of California. This situation could change, of course, with the passage of time.

The second major concern in these proceedings is the possibility that business customers with unusual usage are not providing their fair share of the telephone utilities' overall revenue requirements. The Pacific Telephone and Telegraph Company, one of the parties represented on the joint committee, is conducting rather comprehensive studies with respect to the entire subject of unusual business usage. It is the consensus of the committee that, without some such detailed studies, an informed judgment cannot be reached as to the propriety of possible tariff changes for unusual business usage. The order herein directs Pacific to file in these proceedings the results of its studies.

There are minor differences of opinion as to the preferred procedure from this point. The staff suggested that the "unusual business usage" phase of these proceedings be kept open until Pacific's studies have been filed and have been reviewed by the Commission. Hearings could then be set, if appropriate, or the investigations discontinued. Pacific suggests that the investigation be terminated now and reopened, if appropriate, when the usage studies have been completed. Some of the parties favor the staff's suggestion and some side with Pacific.

There is little actual difference between the two suggested procedures. If the investigations were discontinued now, they could be reopened easily at some future date, if warranted. On the other hand, if the investigations are kept open, they can be discontinued easily at some future date, if warranted. The staff's suggestion will be adopted because of its greater flexibility in being able to set hearings promptly if an emergency arises.

There were some divergent views among the parties as to possible benefits of keeping intact the various committees and sub-committees. Inasmuch as the chairmen are all Commission staff members, we will leave the continuance or dissolution to the discretion of the various chairmen.

Findings and Conclusions

The Commission finds that:

1. There is at this time no emergency situation with respect to service problems caused by unusual business usage in the State of California.

2. Additional studies must be completed and reviewed before a final conclusion can be reached as to continuance or discontinuance of these investigations.

The Commission concludes that further studies should be conducted by The Pacific Telephone and Telegraph Company and should be filed in these proceedings.

IT IS ORDERED that:

1. The Reporter's Transcripts of the prehearing conferences held on August 4 and December 8, 1971 hereby are made a part of the formal record in these proceedings.

2. Exhibits Nos. A-1 and A-2 identified at the December 8, 1971 prehearing conference hereby are received.

3. The Pacific Telephone and Telegraph Company (Pacific) shall make and shall file in these proceedings, commencing on or about March 31, 1972, quarterly reports on the progress of studies of:

- a. Exchange usage, showing distribution of usage among customer classes and identifying unusual classes of customers.
- b. Time-share computer lines to determine breakdown of inward calls between toll and exchange.
- c. Costs of providing local exchange calls divided, to the extent practicable, between costs of switching calls, costs of carrying call loads, and common costs.
- d. Status of plans to measure time of all exchange calls and of available equipment or methods of accomplishing this.

4. Upon completion of each study listed in the foregoing Paragraph 3, Pacific shall file a copy thereof in these proceedings, send a notice of filing to each appearance in this phase of the proceedings and thereafter discontinue the quarterly progress report as to the individual study. ✓

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 25th day of JANUARY, 1972.

J. P. Robinson
Chairman
William J. Johnson Jr.
Mark
Vernon L. Stinson
Commissioners

APPENDIX A

LIST OF APPEARANCES

Respondents: Continental Telephone Company of California, by R. D. Crowe; General Telephone Company of California, by A. M. Hart* and Walter Rook; * Golden West Telephone Company, by R. D. Crowe; and The Pacific Telephone and Telegraph Company, by George H. Eckhardt* and Richard W. Odgers.*

Interested Parties: American President Lines, by A. P. Cogliandro; Association of Data Processing Service Organizations, Computer Timesharing Section, by J. C. Duffendack; The Bank of California, by William C. O'Bryant; Bergen-Brunswig Corporation, by Frank Lyons; Business Equipment Manufacturers Association, by James F. Holmes, T. A. Spain and John S. Voorhees*; Business Communications, by Lyle C. Brackney; California Community Television Association, by Harold K. Farrow*; California Farm Bureau Federation, by William L. Knecht* and Ralph Hubbard*; California Independent Telephone Association, by Neal C. Hasbrook; California State Automobile Association, by Lucky R. Marr; Call Computer Corporation, by E. K. Fisher; Central Bank Computer Bureau, by John A. Saar; Citizens Federal Savings, by Joseph H. Cowan; Computer Sciences Corporation, Information Network Division, by Dr. Philip A. Tenkhoff; Com-Share Inc., by J. C. Duffendack; Control Data Corporation, by F. Sherwood Lewis*; Crocker Bank, by Philip A. Martinelli; Data Transmission Co., by Paul M. Foley; Del Monte Corporation, by William J. Redman; Electronic Industries Association, by John Sodolski; Fireman's Fund American Co., by J. R. Morales-Correa; General Electric Company, by John Lansdale* and Donn B. Miller*; General Services Administration, by William M. Mayfield* and Maurice M. Street*; Great Western Financial Corporation, by Bernard J. Mikell, Jr.*; Honeywell Information Systems, by Oliver C. Miles; International Business Machines Corporation, by J. Gordon Walter*; International Telephone & Telegraph, by Theodore A. Eagans; Kaiser Aluminum & Chemical Corporation, by Robert J. Cowling; Robert N. Lowry, by Robert N. Lowry*; Memorex Corporation, by Harry S. Orendorff; Montgomery Ward & Co., by Harry Kramer; National Cash Register Company, by D. Roy Hearsom; Pacific International Computing, by D. Peter Hughes*; Pacific Vegetable Oil Corporation, by Frederick H. Grein; Qantas Airways, by Ronald D. Benjamin; Remote Computing Corporation, by Thomas S. Martin; Safeway Stores, by Robert Goldwater; The Service Bureau Corporation, by Stephen H. Beach*; Sperry Rand, Univac Division, by Albert S. Ragghianti; Stanford Research Institute, by Stephen W. Miller; Technicon Medical Information Systems, by Gerard E. Zichterman; Transamerica Corporation, by Thomas Near; TRW Information Services Division, by F. A. De Sarro; TRW Systems, by Ernest F. Ferrini; Tymshare, Inc., by Max P. Seere; University Computing Co., by Paul M. Foley; Varian Associates, by W. H. Jessup; WEMA, by Eben S. Tisdale; Western Gear Corporation, by Norman J. Grant; Western Union Telegraph Company, by A. E. Albert and J. A. Moore; and Xerox Corporation, by John D. Clark, Jr.* and John L. Wheeler.

Commiacior Staff: Richard D. Gravelle* and James G. Shields.

* Attorney at Law