

Decision No. 84560

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

THE PACIFIC TELEPHONE AND TELEGRAPH
COMPANY,

Complainant,

vs.

SOUTHERN PACIFIC COMMUNICATIONS
COMPANY,

Defendant.

Case No. 9728
(Filed May 1, 1974)

In the Matter of the Suspension and
Investigation on the Commission's Own
Motion of Tariffs filed under Advice
Letter No. 1 by Southern Pacific
Communications Company.

Case No. 9731
(Filed May 17, 1974)

Application of SOUTHERN PACIFIC
COMMUNICATIONS COMPANY for a
certificate of public convenience
and necessity to operate a telephone
line between San Francisco and
Los Angeles.

Application No. 55284
(Filed October 31, 1974)

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a corporation,
for authority to revise rates, charges
and rate structures for intrastate
voice grade private line service in
order to establish a modified High
Density - Low Density Service,
referred to as an Exception Rate
Service and to withdraw the High
Density - Low Density Service proposal
which was the subject of Application
No. 54839.

Application No. 55344
(Filed November 26, 1974)

OPINION AND ORDER MODIFYING DECISION NO. 84167

In Decision No. 84167 dated March 4, 1975 we awarded Southern Pacific Communications Company (SPCC) a certificate of public convenience and necessity authorizing it to establish intercity private line communication service for voice and data transmission between certain exchange areas in the cities of Bakersfield, Fresno, Los Angeles, Merced, San Francisco, and Stockton.

That decision also set interim rates for SPCC, pending our final opinion. We elected for the interim period, for reasons stated in the decision, not to modify the private line rates between the above-mentioned points for The Pacific Telephone and Telegraph Company (Pacific), but to allow SPCC interim rates which are the same or similar to Pacific's. In this connection, we stated (mimeo, p. 46):

"During the interim period, we believe, as we have stated, that it is reasonable for SPCC to rely primarily upon the innovative nature of its services rather than upon a large price differential to expand its business. We will therefore authorize interim rates for SPCC which will set the 24-hour rates at the same level as Pacific's for equal mileage blocks. SPCC's authorized rates for shorter time periods will be in the same proportion to the authorized 24-hour rates as the proposed short-hour rates were to the proposed 24-hour rates. SPCC will thus still retain some competitive advantage in pricing since Pacific is not now offering less-than-24-hour private line service. This is reasonable for the interim period because the evidence shows that SPCC will function under certain competitive disadvantages:

- "1. There is no rerouting capability in case of catastrophic loss to the system;
- "2. Certain resistance to SPCC's service will be caused by the fact that a customer, to meet all its communication needs, will have to deal with two carriers; and
- "3. SPCC is smaller and less well known, at least at present, as a carrier than Pacific."

On March 21, 1975 SPCC filed a petition for modification of Decision No. 84167. The essence of the petition is that we failed, in our order, to achieve our objective and instead established certain charges in excess of Pacific's, making them noncompetitive. Specifically, the petition states:

1. SPCC's 24-hour service is not established at the same level as Pacific's.
2. While small-quantity intercity channel charges are equivalent, the overall rates for small quantities of channels are significantly higher for SPCC because of the network terminal, network signaling, and local distribution charges which were authorized.
3. SPCC's rates for leasing large quantities of channels are also higher because Pacific's tariff 122-T establishes special intercity and terminal rates below individual line rates for customers leasing 60 (Telpak C) or 240 (Telpak D) channels.

SPCC seeks various modifications of tariffs to eliminate these problems.

Pacific filed a response to the petition which objected to only one of the several suggested changes. Pacific's position regarding SPCC's suggested modification of the SPCC tariff for charges for local distribution per channel end and total charges for per two point line is that SPCC's request stems from SPCC's "apparent misunderstanding of the application of Pacific's tariffs relating to local loop, interexchange or interdistrict area mileage charges." In this regard, Pacific's response states that SPCC fails to take into account that the charges mentioned are for half-duplex local loops only, and that the charge is double for full-duplex local loops, and further, that SPCC fails to recognize that in addition to the local loop charge, certain charges for interexchange or interdistrict mileage may apply.

Discussion

We agree with SPCC that modification of Decision No. 84167 is necessary to achieve the objectives of that decision.

As requested by the petition, SPCC will be allowed to amend its tariff Schedules Nos. G-3 and G-4 to eliminate problems concerning charges for network terminal, network signaling, and local distribution charges. SPCC will also be authorized to add a Schedule No. G-9 which will provide rates for 60 and 240 voice grade equivalent channels and their terminations equivalent to the rates in Pacific's Schedule No. 122-T.

Regarding SPCC's suggested modifications to Schedule No. G-4, we agree with Pacific that SPCC has selected an inappropriate method of modification. We note, however, that Pacific also misconstrues the situation. Pacific is correct that charges in the amount of \$3.50 relate to half-duplex local loops, and full-duplex loops are \$7.00 but SPCC offers both half- and full-duplex channels (denominated "effective two-wire facility" and "effective four-wire facility" respectively; see Schedule No. G-4). Therefore, the charges should be equalized with this in mind, as we have done with the revised Schedule No. G-4 in the appendix.

IT IS ORDERED that:

1. Southern Pacific Communications Company is authorized to file, on or after the effective date of this order, and in conformity with General Order No. 96-A, revised tariff provisions as set forth in Appendix A hereto.
2. Southern Pacific Communications Company is authorized to file, concurrently with the tariffs specified in the preceeding paragraph an additional tariff (Schedule No. G-9) covering the offering of 60 and 240 voice grade channel service at rates and under conditions equivalent to those set forth in Schedule Cal. PUC No. 122-T of The Pacific Telephone and Telegraph Company.
3. In computing charges for intercity mileage rates under Schedules Nos. G-1 and G-2 involving a point in the Los Angeles or San Francisco local distribution areas, Southern Pacific Communications Company shall apply the mileage distance between the rate centers of the specific telephone exchanges in which its customer's service terminals are located.

4. The effective date of the tariffs authorized in this order shall be five days after the filing date, on not less than five days' notice to the public.

5. Except as indicated in Ordering Paragraphs 1 through 4, the petition for modification is denied.

The effective date of this order is the date hereof.

Dated at San Francisco, California, this 17th
day of JUNE, 1975.

Vernon L. Sturgeon
President

William Sproule

[Signature]

Leonard Ross

Labstan

Commissioners

APPENDIX A
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Cal. P.U.C. Sheet No. 108-T

Schedule No. G-3

NETWORK TERMINALS

APPLICABILITY

Applicable to Network Terminals furnished in conjunction with carriers intercity channel services.

TERRITORY

At the carrier's Network Terminal Offices in those cities as listed under serving cities in Preliminary Statement filed as part of this tariff.

RATES

1. Data Transmission Channels

<u>Data Speed (baud)</u>	<u>Installation Charge (Per Terminal)</u>	<u>Rate per Month Per Terminal</u>	
(a) 0-300	\$ 25	\$10	(R)
(b) 0-9600 Used with modem requiring equalization	100	65	
Used with modem not requiring equalization	20	10	(R)

High Speed Terminals will be provided as requested on an individual design basis (as customer service) subject to Cal. P.U.C. approval of rates and conditions.

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Cal. P.U.C. Sheet No. 109-T

Schedule No. G-3 (Continued)

NETWORK TERMINALSRATES--Contd.2. (Bandwidth) for Analog Transmission Channels

Channel Bandwidth (Hz)	Installation Charge Per Terminal	Rate per Month Per Terminal	
(a) 4,000	\$ 20	\$ 10	(R)
(b) 48,000	75	78	
(c) 240,000	150	172	

3. Signaling Arrangement

Per each arrangement per terminal	-	No charge	(R)
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SPECIAL CONDITIONS

1. Data Transmission Channel Terminals will normally include conditioning or equalization to provide an equivalent C-2 level "end-to-end" except in certain instances where carrier determines that such conditioning is not required, such as when a Modem is used that does not require conditioning, and when the rate used will not include a charge for conditioning.
2. Whenever subscriber provided Modems are used in conjunction with carrier's Network Terminals they will not be connected under Data Transmission Channels until the carrier has made a determination that such Modems are technically compatible with carrier's system and whether conditioning is or is not required. This determination may require a field checkout or survey and an appropriate charge will apply.
3. The above rates are based on the type (analog or digital) and bandwidth or data transmission speed of the carrier's channels terminated at a network terminal office.

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Schedule No. G-4

LOCAL DISTRIBUTION FACILITIES

APPLICABILITY

Applicable to Local Distribution Facilities furnished in conjunction with carrier's inter-city channel services.

TERRITORY

Within the Local Distribution Areas associated with carrier's Network Terminal Offices as defined under Local Distribution Areas filed as part of this tariff.

RATES

A. Regular Voice Grade Facility

1. Effective Two-Wire Facility

		PER-EACH REGULAR VOICE GRADE FACILITY	
		<u>Install.</u>	<u>Monthly</u>
		<u>Charge</u>	<u>Charge</u>
1.	<u>First Subscriber Terminal</u> Bakersfield, Fresno, Merced, San Francisco, Stockton	\$35.00	\$3.50 (R)
	Los Angeles	35.00	3.50 (R)
2.	<u>Additional Subscriber</u> <u>Terminals (same premises)</u>	20.00	1.00
2.	<u>Effective Four-Wire Facility</u>		
1.	<u>First Subscriber Terminal</u> Bakersfield, Fresno, Merced, San Francisco, Stockton	40.00	7.00 (R)
	Los Angeles	40.00	7.00 (R)
2.	<u>Additional Subscriber</u> <u>Terminals (same premises)</u>	30.00	2.00

(Continued)

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Cal. P.U.C. Sheet No. 113-T

Schedule No. G-4 (Continued)

LOCAL DISTRIBUTION FACILITIES

SPECIAL CONDITIONS

1. Effective two-wire facilities are suitable for half-duplex service only. (C)
2. Effective four-wire facilities are suitable for full-duplex service. (C)