

Decision S4 09 099

SEP 19 1984

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of  
Continental Telephone Company of  
California for Rehearing and/or  
Modification of Resolution No.  
T-10856 and Continuation of Extension  
of Time Authorized by Resolution  
No. T-10869.

Application 84-08-103  
(Filed August 30, 1984)

INTERIM OPINION

The Continental Telephone Company of California (ConTel) filed this application on August 30, 1984, requesting rehearing and/or modification of our Resolutions T-10856 and T-10869. Resolution T-10856 addressed ConTel's proposal to extend the offering of its radiotelephone service, now a provisional or experimental offering under its Schedule L-1, until December 31, 1985. We concluded in our resolution that ConTel's service had been provisionally tariffed and noncompensatory for too long, and we ordered it withdrawn after December 31, 1984. Also, ConTel was ordered to notify the affected customers by August 30 of the eventual withdrawal of the service. Then, because ConTel stated it planned to seek rehearing of Resolution T-10856, we extended the date by which it had to notify customers until September 30, 1984. Resolution 10869, issued August 22, 1984, granted the extension of time.

ConTel's Request

ConTel points out that we held no hearing and had no evidence before issuing Resolution T-10856, and alleges that as a result, aside from a denial of due process, we reached erroneous conclusions because we lacked relevant facts. The level of rates and charges for mobile telephone service is, as ConTel notes, already before us in another proceeding, Application (A.) 83-12-57.

Increases of about 47% have been proposed in that proceeding, and ConTel has committed to revising its cost study at the urging of our staff. Its revised studies will be completed about mid October. ConTel thinks our ex parte action unfairly and unlawfully forecloses it from following through with its efforts, already underway, to devise final compensatory rates for its radiotelephone service.

Evidence Adduced in A.83-12-57

It came to light in our hearings in A.83-12-57, where ConTel's radiotelephone service rates is a rate design issue, that one of our pivotal conclusions in Resolution T-10856 may have been erroneous. We stated that: "Since mobile service is offered on a competitive basis by radiotelephone utilities, it is inappropriate to authorize its offering on a noncompensatory basis by a wireline company." While that statement is conceptually correct, it turns out that some of the almost 400 customers ConTel serves are in locations where alternative mobile service is probably not available as a regulated offering from other utilities. It offers the service in 18 locations, some of which are in relatively remote areas. ConTel's Nielsen could not quantify how many of the almost 400 mobile service customers could be left "stranded", or have no other provider to turn to, but he was sure that some would be if ConTel's service is withdrawn. This was corroborated by the testimony of the staff's witness, Barrett. Barrett also testified that he was unaware of any informal complaints by any competing radiotelephone utilities about ConTel's rates being too low or predatory.

Staff believes ConTel is indeed taking steps to redo its cost study, correcting or addressing deficiencies pointed out by staff, and Barrett thinks that once ConTel submits its new cost study staff could be ready to present its analysis about a month later. Barrett recommended that existing Schedule L-1 be extended until approximately the end of 1985 so that the proposed rates can be analyzed.

Discussion

We will stay the order in Resolutions T-10856 and T-10869, and extend ConTel's Schedule L-1 until new rates are established. If new rates are not established by the end of 1985, Schedule L-1 shall be withdrawn. Our primary concern is for customers in remote areas who presumably must rely solely on ConTel's mobile service. Correspondence in connection with A.83-12-07 has been received from customers in remote areas complaining about ConTel's proposed increases, and pointing out they know of no alternative. One customer who wrote is a logger who stated that he was required by the Forest Service to have mobile service, presumably so fires could be reported.

ConTel suggests addressing its radiotelephone services' rates in this proceeding, essentially removing it from its general rate proceeding, A.83-12-57. It would amend its application when its new cost study is completed this fall, and provide a new bill insert notice to affected mobile service customers. We believe this is a logical procedural approach. However, when final mobile service rates are set, presumably in early 1985, we may adjust basic exchange service rates to reflect the additional revenue generated by the revised radiotelephone service rates. Further, if it turns out that the service is ultimately withdrawn we will consider how to adjust other rates to reflect the reduction in expenses and rate base resulting from the termination of the service.

Findings of Fact

1. Some of ConTel's radiotelephone service customers are situated where there are no other providers of such service on a regulated basis.
2. ConTel has prepared a cost study and proposed revised rates for its radiotelephone service in A.83-12-57, and is in the midst of revising that cost study to meet staff's concerns.

Conclusions of Law

1. Resolutions T-10856 and T-10869 should be stayed until further order.

2. If Schedule L-1 rates are not revised by December 31, 1985, the portion of Schedule L-1 relating to providing mobile telephone service should be withdrawn.

3. The following order should be effective today since ConTel's mobile telephone service is being extended.

INTERIM ORDER

IT IS ORDERED that:

1. Resolutions T-10856 and T-10869 are stayed until further order.

2. If the rates in Continental Telephone Company of California's (ConTel) Schedule L-1 are not revised by December 31, 1985 its mobile telephone service shall be withdrawn 60 days thereafter, with ConTel to provide written notice to customers of the withdrawal of service within 15 days after December 31, 1985.

3. ConTel's rates in Schedule L-1 shall be addressed in this proceeding, A.84-08-103, instead of A.83-12-57. When ConTel completes its new cost study it shall provide affected customers with a bill insert notice summarizing the proposed rates and the impact on customers.

4. A.84-08-103 remains open to consider ConTel's Schedule L-1 rates, following amendment by ConTel.

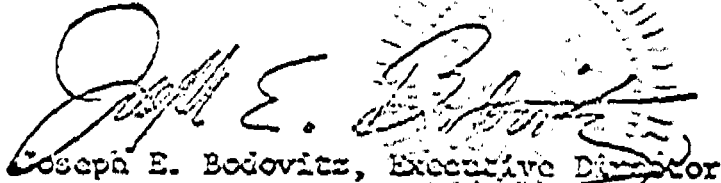
This order is effective today.

Dated SEP 19 1984, at San Francisco, California.

Commissioner William T. Bagley  
being necessarily absent, did  
not participate..

VICTOR CALVO  
PRISCILLA C. GREW  
DONALD VIAL  
Commissioners

I CERTIFY THAT THIS DECISION  
WAS APPROVED BY THE ABOVE  
COMMISSIONERS TODAY.

  
Joseph E. Bodovitz, Executive Director