

Decision 88 08 660 AUG 24 1988**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AT&T Communications of)
California, Inc. under Rule 18 for a)
Certificate of Public Convenience and)
Necessity for Authority to Provide an)
Intrastate InterLATA Private Line)
Service 56 Kbps Switched Digital)
Service. (U-5002 C))

Application 88-06-004
(Filed June 2, 1988)

OPINION

Background

AT&T-Communications of California, Inc. (AT&T-C) has filed an application requesting that the Commission issue a certificate of public convenience and necessity (CPCN) for authority to provide intrastate interLATA 56 Kbps Switched Digital Service (SDS)¹

AT&T-C states that its comparable interstate 56 kbps SDS became effective on May 18, 1985 under Federal Communications Commission (FCC) authority.

Copies of the application were served on potential competitors and interested parties, and notice of the application appeared in the Commission's Daily Calendar of June 7, 1988. No timely protests were received.

¹ 56 Kbps Switched Digital Service operates at a transmission speed of 56,000 bits per second to communicate digital information. A bit is defined as a single "on" or "off" electrical pulse. In digital communications, combinations of numerous bits form letters and numbers through which further communication is possible.

Description of Applicant

Applicant (AT&T-C) is a telecommunications subsidiary of the American Telephone and Telegraph Company, operating within the State of California and providing interLATA and interstate telecommunications services. AT&T-C's principal offices are located at 795 Folsom Street, San Francisco, California 94107.

In support of this application AT&T-C provided evidence of its authority to do business in California including a reference to the certified copy of its Articles of Incorporation on file with this Commission in Application (A.) 85-11-029. AT&T-C also appended its most recent financial statements including its Balance Sheet and Income Statement for the month of December 1987 to the application. The data supplied with and referenced in the application confirms that AT&T-C has the financial resources, broad communications knowledge, and technical expertise to effectively undertake this new communications business activity in California. As to its current interLATA communications services offered within California, there is no evidence of any significant service deficiencies or complaints, and, if anything, there have been expressed opinions of good service rendered by AT&T-C in its most recent general rate application before this Commission (A.85-11-029).

Description of Proposed Service

56 Kbps Switched Digital Service is a usage-sensitive, dial-up digital data private line service which uses dedicated digital facilities to communicate customer information between AT&T-C central offices. AT&T-C proposes to operate this service independently of its public switched network for voice communications. Only customers subscribing to this service will be permitted to interconnect with AT&T-C's dedicated 56 Kbps digital network.

56 Kbps SDS represents a significant advancement in private line data communications by improving the method of

connecting and transporting data from one customer location to another. Through the use of specialized interface equipment, customers will be able to access and establish digital data connections over a dedicated network.

AT&T-C will provide customers with unique "700" (area code type) number designation with a format of 700-56x-xxxx. Customers will be able to transmit bulk data, facsimile and graphic materials using this service.

56 kbps SDS will be communicated exclusively over facilities and equipment owned and operated by AT&T-C and its affiliated companies. AT&T-C's customers must first obtain access from their premises to their designated AT&T-C central office in order to use this new service. Customer access can be obtained by means of private line service under AT&T-C's (FCC Tariff Nos. 9-11), interstate special access service offered directly by local exchange telephone companies (e.g., Pacific Bell, Tariff FCC No. 128; CTE California Incorporated Tariff FCC No. 1) or other customer provided access.

AT&T-C states that it has approximately 460 access lines currently in place or on order provisioned for this service in California, and no additional new construction of facilities will be required at this time. These access lines are currently available to customers by purchasing interstate special access from the local exchange companies. According to AT&T-C the local exchange companies are "well positioned to continue to provide digital access" for its 56 kbps SDS. AT&T-C agrees to provide the local exchange companies with a percent interstate usage (PIU) factor to permit them to bill AT&T intrastate access charges for rendering California intrastate usage of 56 kbps SDS.

The proposed rate structure for this 56 kbps SDS consists of an initial minimum charge for this first 30 seconds of usage and a usage charge billed in 6 second increments after the first 30 seconds. Both the initial 30 second charge and each successive per

6 second usage charge are mileage sensitive. The proposed rates for the 56 kbps SDS are as follows:

Airline Mileage	Rates	
	Initial Period (30 Sec.)	Each Additional Period (6 Sec.)
0	\$.205	\$.035
1-10	.210	.036
11-22	.215	.037
23-55	.225	.039
56-124	.240	.042
125-292	.255	.045
293-430	.295	.053
431-925	.360	.066

The airline mileages for the usage charges are determined by use of vertical and horizontal (V&H) coordinates.² The V&H coordinates associated with the originating and terminating AT&T central offices used for any given call are thus used to determine the airline mileage for the call. The V&H Coordinates for the eight designated AT&T central offices initially providing this service are specified in its proposed tariff schedule (See Appendix A to this order for further details).

By this application AT&T-C seeks authority to provide 56 kbps SDS on an intrastate interLATA basis. AT&T-C states that it will not market this service on an intraLATA basis or hold itself out to render this service on an intraLATA basis in its tariffs. Customers will therefore be able to terminate calls to all locations in California, except where both the originating and terminating locations are within the same LATA.³

² For an explanation of the V&H coordinate mileage measurement method, see Appendix C.

³ LATA is defined as Local Access and Transport Area. There are 10 LATAs in California. These LATA's are delineated in Appendix B to this order.

However, AT&T-C claims that because of the technology used in rendering this service, intraLATA call completion by AT&T-C's customers will be physically possible, and cannot be blocked in a reasonable manner. Even though it will be possible to use this service on an intraLATA basis, AT&T-C believes that the bulk of this service by its very nature will be used by major business customers on an interstate and interLATA basis, and any intraLATA usage will be incidental and very limited.

AT&T-C appears to be sensitive to this Commission's concerns and has offered to track and report the amount of intraLATA usage to the local exchange companies and to this Commission on a quarterly basis.

The 56 kbps SDS became effective on May 18, 1985 on an interstate basis under FCC authority. It is AT&T-C's parent company's intention to make this service offering available on a nationwide basis and there are currently intrastate tariffs on file and effective in the following 11 states:

<u>State</u>	<u>Date Effective</u>
Louisiana	9-04-85
Tennessee	1-10-86
Ohio	2-04-86
Arizona	8-20-86
Pennsylvania	8-24-86
Virginia	10-24-86
Massachusetts	12-01-86
Indiana	1-15-87
Michigan	4-13-87
Maryland	6-01-87
New Hampshire	9-18-87

AT&T-C estimates that it will have 125 customers for its California 56 kbps SDS offering at the end of the first year of operation and 400 customers at the end of five years.

AT&T-C in response to this Commission's invitation for comments relative to the offering of "high speed" service pursuant to D.84-06-113, agrees that the Commission need not make a determination in this proceeding as to whether or not this 56 kbps

SDS is or is not a "high speed" service, and that a Commission decision approving this service offering sets no precedent in that regard.

Correspondence Received

Subsequent to the 30-day protest period, AT&T-C forwarded two letters to the Commission. The first, dated July 7, 1988 to its Executive Director, noted that no protests had been timely filed and urged an early approval of this application. The second letter dated July 15, 1988, addressed to the assigned Administrative Law Judge, urged approval by August 24, 1988, with the decision effective that same date, and that AT&T-C be permitted to file the proposed tariffs for its 56 kbps SDS to become effective within 5 days after the Commission's order.

In support of its request for a prompt decision AT&T-C stated, in its July 15, 1988 letter, that:

"Because of immediate demand for this service AT&T requests that the decision approving AT&T's Switched 56 service be made effective that date and authorize AT&T to file a Switched 56 service tariff within five days. AT&T now has over 150 California customers who have purchased about 400 interstate Switched 56 access lines, and approximately 25 of them have advised AT&T of their desire to purchase California Switched 56 intrastate service. An expeditious approval process is warranted given the high level of interest in the service."

Discussion

Since AT&T-C's proposed service constitutes a logical extension of its current interstate offering of this 56 kbps Switched Digital service to its California intrastate interLATA customers and not for intraLATA use, and there were no timely protests to this application, there is no need for a hearing on this application and we will authorize the CPCN as requested, on an Ex Parte basis, with the understanding that AT&T-C will not hold

out this offering on an intraLATA basis, and that it will report any incidental intraLATA usage as promised on a quarterly schedule.

We will also concur in AT&T-C's suggestion and agreement that we need not make a determination herein that 56 kbps SDS is, or is not "high speed" data service pursuant to D.84-06-113, and that no precedent is set relative to any future definition of what is or is not "high speed data service" by this order.

Since AT&T-C has approximately 25 customers waiting for this service, and there were no timely protests to this application, we will, in the interests of expediting this service offering, make this order effective today.

Findings of Fact

1. AT&T-C is a telephone corporation organized under California law and a regulated utility as defined under PU Code § 234.
2. AT&T-C is requesting a CPCN to provide 56 kbps Switched Digital Service (SDS) on an interLATA basis in California, as a complement to its current interstate offering of this service under Federal Communications Commission approved tariffs.
3. AT&T-C agrees to not market or hold itself out to provide this service on an intraLATA basis.
4. AT&T-C agrees to report quarterly on any incidental intraLATA usage which may result through the current technology used to provide this service.
5. No timely protests were filed relative to this application and no hearing is deemed necessary for processing this application.
6. AT&T-C has in place or under construction approximately 460 access lines for provision of this 56 kbps SDS.
7. AT&T-C has the technical ability to provide this proposed service on a safe, effective, reliable, and continuous basis.

8. AT&T-C has the financial integrity to effectively implement the proposed service without any significant impact on its other telephone utility operations.

9. It can be seen with reasonable certainty that granting this application will not have a significant adverse impact on the environment.

10. AT&T-C has agreed to establish mileage sensitive tariffed rates and charges and the necessary special conditions for its 56 kbps SDS as set forth in its application and as contained in Appendix A to this order.

11. AT&T-C has agreed to include a California reference map similar to the one set forth in Appendix B to this order, delineating the approximate boundaries of the 10 Local Access and Transportation areas of California and the locations of its central offices equipped for provision of this service, as a part of its filed tariff schedules.

12. AT&T-C has approximately 25 customers now served on an interstate basis who desire 56 kbps SDS on an intrastate basis as well.

13. AT&T-C urges that this order be made effective today, and that it be permitted to file and make its tariff schedules effective on five days notice to be able to render service to waiting customers as soon as possible.

14. No determination as to whether this 56 kbps SDS is or is not a "high speed" service is necessary for approving this service.

15. This 56 kbps SDS is essentially a non-voice private line service and therefore the 4% Universal Lifeline Telephone Surcharge (ULTS) need not be applied to revenues produced by this service under D.87-10-088 issued October 28, 1987. However, the Commission reserves the right to reconsider the applicability of the ULTS to this and any other utility telephone service at any time.

16. Commencing on and after October 1, 1988, the one-half percent (1/2%) surcharge to fund Telecommunications Devices for the

Deaf (TDD) does apply to this service as prescribed by Resolution No. T-13005 issued July 22, 1988, in accordance with PU Code § 2881, with the remittance to be made to the Disabled Equipment Acquisition Fund (DEAF) Trust.

17. Public Convenience and Necessity require the granting of this application.

Conclusions of Law

1. AT&T-C should not be authorized to market this 56 kbps SDS for use on an intraLATA basis.

2. AT&T-C should be required to file mileage sensitive rates substantially as set forth in its application and as contained in Appendix A to this order which are designed to discourage intraLATA usage except on an incidental basis.

3. AT&T-C should be required to report quarterly, as agreed in its application, on any incidental intraLATA usage which may result through the current technology used to provide this service. Customer names associated with such incidental usage should be omitted to allow reasonable privacy of user identity.

4. AT&T-C's 56 kbps SDS should be limited to the eight initial central offices set forth in Appendices A and B to this order and any further expansion to new serving offices should be allowed only after its tariffs are revised to include the V&H coordinates of its newly designated central offices equipped for this service as well as a revised map noting the new service locations.

5. Because of the public interest in effective competition in interLATA data transmission, and since 25 customers have expressed an interest in purchasing this service from AT&T-C, when available, this order should be made effective today.

6. This application should be granted to the extent set forth in the following order.

ORDER

IT IS ORDERED that:

1. AT&T Communications of California (AT&T) is granted a certificate of public convenience and necessity, pursuant to PU Code § 1005, to provide intrastate interLATA 56 kbps Switched Digital Service (SDS) within the state of California.

2. AT&T-C is authorized to file an advice letter, after the effective date of this order and in compliance with General Order 96A, containing the rates, charges, and special conditions and/or rules for the offering of 56 kbps Switched Digital Service substantially in accordance with Appendix A to this order, but modified to include a statement that the rates and charges for this service will be surcharged by one-half of one percent to cover the funding of the Disabled Equipment Acquisition Fund (DEAF) Trust for service rendered commencing on and after October 1, 1988, pursuant to this Commission's Resolution No. T-13005 and PU Code § 2881.

3. AT&T-C shall include in its tariff filing, made pursuant to Ordering Paragraph 2 above, a copy of a map setting forth the locations of its central offices from which this service is rendered together with the approximate LATA boundaries for the state of California similar to the one contained in Appendix B to this order.

4. AT&T-C shall also include in its tariff filing, made pursuant to Ordering Paragraph 2 above, a reference to its Schedule Cal. P.U.C. No. B-3 Sheets 127 and 128 which explains the use of the Vertical (V) and Horizontal (H) coordinate airline mileage measurement system used to determine the distance of any given transmission.

5. The tariff schedules filed pursuant to Ordering Paragraphs 2, 3, and 4 above, shall become effective 5 days after the date of filing.

6. Within 30 days after this order is effective, AT&T-C shall file a written acceptance of the certificate granted in this proceeding; absent such filing, the authority granted by this certificate shall be automatically revoked.

7. AT&T-C shall notify the Commission Advisory and Compliance Division (CACD) Director within 5 days after the 56 kbps SDS begins.

8. AT&T-C shall monitor the implementation of the 56 kbps SDS in California and shall submit quarterly reports to the Director of the CACD on the level of incidental intraLATA usage expressed in percent and total minutes of intraLATA use per customer per month as compared to the minutes of total intrastate and interstate use by the customer for the month and as a percentage and minutes of use for all interLATA intrastate and interstate usage for the same period. Customers may be identified by a number rather than by name, to safeguard the identity of the customer, and the level of that specific customer's usage. (Copies of the first such report shall be mailed to each interested party listed as receiving a copy of this application in the certificate of service appended thereto, with a cover letter stating that if future copies of these reports are desired, the interested party will so advise AT&T-C. AT&T-C shall also provide copies of these reports to any Local Exchange Telephone Company, serving California, who requests them.)

9. To whatever extent it considers appropriate, the CACD staff shall further define the specific organization and content of the quarterly reports required by Ordering Paragraph 8.

10. The reporting requirement of Ordering Paragraph 8 shall commence within 60 days after the fourth calendar quarter of 1988 for that quarterly report and within 45 days after each calendar quarter thereafter, and shall terminate with the filing of the quarterly report for the fourth quarter of calendar year 1991 to be

filed on or before February 15, 1992, unless earlier extended, terminated, or modified by further order of this Commission.

11. AT&T-C's 56 Kbps SDS is a utility service and is subject to the user fee as a percentage of gross intrastate revenue under PU Code § 431 through 435.

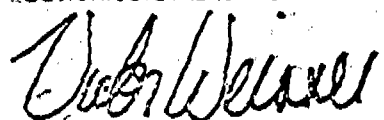
This order is effective today.

Dated AUG 24 1988, at San Francisco, California.

STANLEY W. HULETT
President

DONALD VIAL
FREDERICK R. DUDA
G. MITCHELL WILK
JOHN B. O'HANIAN
Commissioners

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



Victor Weisser, Executive Director

JB

APPENDIX A

Proposed 56 Kbps Switched Digital Service Tariff

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

LIST OF EFFECTIVE SHEETS

Sheets listed below are effective as of the date shown on each sheet.

<u>Revision Number</u>	<u>Sheet</u>
6th'	CS A
3rd	ToC A
1st	ToC B
Original'	ToC C
2nd	1
1st	1.1
2nd	1.2
1st	1.3
2nd	2
1st	3
2nd	4
1st	5
3rd	6
4th	7
Original	7.1
1st	7.2
1st	8
1st	9
1st	10
1st	11
1st	12
1st	13
1st	14
1st	15
1st	16
1st	17
1st	18
Original'	19
Original'	20
Original'	21
Original'	22
Original'	23
Original'	24
Original'	25
Original'	26
Original'	27
Original'	28
Original'	29
Original'	30

NOTE 1: Sheets Issued.

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

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(N)

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 KBPS SWITCHED DIGITAL SERVICE

9.3.1 DESCRIPTION

The following tariff is applicable to 56 kbps Switched Digital Service furnished by AT&T Communications of California, Inc., hereinafter referred to as the Company.

56 kbps Switched Digital Service, a digital data offering, is furnished for the switching and transmission of simultaneous two-way 56 kbps digital signals. All telecommunications using 56 kbps Switched Digital Service are provided over a digital switched network which is furnished between designated Company central offices.

(N)

San Francisco, California

Private Line Services Tariff

89. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.2 JURISDICTION

This tariff covers the provision of 56 Kbps Switched Digital Service on an intrastate basis, subject to the jurisdiction of the California Public Utilities Commission.

(N)

Private Line Services Tariff

89. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.2 REGULATIONS

A. ACCESS LINE

An access line is a transmission path used to connect customer designated premises to 56 kbps Switched Digital Service.

B. APPLICATION

56 kbps Switched Digital Service is an intrastate InterLATA offering. Customers can terminate calls to all locations within the State of California, except where both the originating and terminating locations are within the same LATA. A customer must take all reasonable steps to assure that its 56 kbps Switched Digital Service is not used by any person for purposes of unauthorized IntraLATA communications.

C. AVAILABILITY OF SERVICE

Service is offered subject to the availability of equipment to provide service. If a shortage of equipment exists, the installation of the components required to furnish AT&T Long Distance Service will take precedence.

1. 56 kbps Switched Digital Service is available 24 hours a day, 7 days a week.
2. The Company central offices equipped to furnish 56 kbps Switched Digital Service have been designated by the Company and are identified in this section.
3. A call can access the 56 kbps Switched Digital Service network at designated Company central offices via an access line.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

B.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

B.3.3 REGULATIONS (Cont'd)

C. AVAILABILITY OF SERVICE (Cont'd)

4. The following Company central offices are equipped for 56 kbps Switched Digital Service. The vertical and horizontal (V&H) coordinates for each office are used for calculating the mileage between 56 kbps Switched Digital Service central offices as specified in Schedule Cal.P.U.C. No. 83.4.

<u>Location (City Name)</u>	<u>CLLI Code</u>	<u>CLLI V&H's</u>
ANAHEIM	ANHMCA01	V-09250, H-07810
LOS ANGELES	LSANCA02	V-09213, H-07878
OAKLAND	OKLDCA03	V-08486, H-08696
SACRAMENTO	SCRMCA01	V-08303, H-08581
SAN DIEGO	SNDGCA02	V-09462, H-07632
SAN JOSE	SNJS CA02	V-08583, H-08619
SAN FRANCISCO	SNFCCA21	V-08493, H-08717
STOCKTON	SKTNCA01	V-08435, H-08531

D. CHARGES

1. The charges for 56 kbps Switched Digital Service are usage charges. The charges billed are based on the rates that are in effect in this tariff during the period that service is furnished.
2. The chargeable time for a call is determined by the duration of the call. Chargeable time includes the initial period plus the additional time involved, if any, and is determined as follows:
- Chargeable time begins when connection is established between an originating customer's premises and a terminating customer's premises. A connection is considered established when a call terminates in, or passes through, the customer equipment at the customer's premises. It is the customer's responsibility to furnish appropriate answer supervision so that chargeable time may begin.
 - Chargeable time ends when the originating customer's premises disconnects. If the terminating customer's premises disconnects but the originating customer's premises does not, chargeable time ends when the connection is released by automatic timing equipment in the telecommunications network.
 - Answer Supervision must be provided by the customer's equipment so that the measure of chargeable time begins upon the delivery of the call to the customer equipment and ends upon termination of the call by the originating customer's premises.

(N)

Continued

San Francisco, California

Private Line Services Tariff

89. HIGH CAPACITY SERVICES

(N)

9.3 56 KBPS SWITCHED DIGITAL SERVICE (Cont'd)

9.3.3 REGULATIONS (Cont'd)

E. CREDIT ALLOWANCE

1. A credit allowance will be made for a 56 kbps Switched Digital Service call which is interrupted due to the failure of a component furnished under this tariff which results in:
 - poor transmission
 - one-way transmission (one party unable to transmit to the other), or
 - involuntary disconnection (cut-off) of the call
2. To receive the proper credit, the customer must notify the Company and furnish the called number, the trouble experienced and the approximate time the call was placed. Credit allowances for access lines are as set forth in the tariffs under which they are furnished.
3. When a call, which is billed under this tariff, is interrupted due to a cut-off, one-way transmission, or poor transmission condition, the customer will receive credit equivalent to six seconds (i.e., the last six seconds of the call).
4. When a wrong number is reached, a credit equivalent to the charge for the initial period will be granted when the customer reports the situation to the Company.
5. Credit allowance does not apply for:
 - a. Interruptions caused by the negligence of the customer or others authorized by the customer to use the customer's service.
 - b. Interruptions of service because of the failure of power, equipment, systems or connections not provided by the Company.
 - c. Interruptions during periods when the customer elects not to release the service for testing and/or repair.
 - d. Interruptions during any period when the customer or user has released an access line for maintenance or rearrangement purposes, or for the implementation of a customer order.
 - e. Interruptions during periods when the customer elects not to release an access line for testing and/or repair.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)
9.3.3 REGULATIONS (Cont'd)

F. LIABILITY

Liability of the Company applicable to all services offered is located in Schedule Cal.P.U.C. No. A2.14.1. In addition, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge provided for under this tariff for the service for the period during which the service was affected.

G. MILEAGE MEASUREMENT

The mileage for 56 kbps Switched Digital Service calls is the distance in airline miles measured between the V&H coordinates associated with an originating and terminating Company central office.

Each Company central office has a unique set of V&H coordinates as described in this Company's tariff. These coordinates are used for calculating mileage as specified in Schedule Cal.P.U.C. No. B3.4.

H. MINIMUM PAYMENT PERIOD

The minimum payment is the minimum period for which the customer is required to make payment for the 56 kbps Switched Digital Service ordered. The minimum payment period is calculated from the time that service is furnished for usage charges, as appropriate.

Minimum payment period charges apply if the customer discontinues service before the specified minimum payment period expires. The minimum payment period for 56 kbps Switched Digital Service is 30 seconds.

I. PAYMENT OF CHARGES

Payment is due upon presentation of a bill for the service furnished. Service may be discontinued or additional service denied for non-payment of a bill.

J. PROVISION OF SERVICE

56 kbps Switched Digital Service is fully supported by the Company through engineering and maintenance efforts. The Company will assure 56 kbps Switched Digital Service functions properly within its specified transmission and switching parameters.

(N)

Continued

Private Line Services Tariff

89. HIGH CAPACITY SERVICES

(N)

9.3 56 KBPS SWITCHED DIGITAL SERVICE (Cont'd)

9.3.3 REGULATIONS (Cont'd)

J. PROVISION OF SERVICE (Cont'd)

1. Engineering

The Company will engineer 56 kbps Switched Digital Service to the specification and parameters of the service provided. The Company publishes certain technical information which the customer can obtain in the form of Technical Publications. Technical Publications are available from:

AT&T CIC
G.P.O. Box 19901
Indianapolis, Indiana 46219

2. Maintenance

The Company will maintain and repair the service which it provides.

3. Through Transmission of Signals

The Company is responsible for engineering, operating and maintaining the service it provides. It is also responsible for the transmission quality of that service.

K. RESPONSIBILITY OF THE COMPANY

The Company will be responsible for the compatibility of its equipment, services or circuits used with 56 kbps Switched Digital Service when such equipment, services or circuits are connected to 56 kbps Switched Digital Service at a central office.

The Company is not responsible to any party if a change in Company-provided equipment, channels or procedures (1) affects any facilities, equipment, or systems provided by others in any way, or (2) requires their modification in order to be used. However, if such changes can be reasonably expected to materially affect the operating or transmission characteristics of 56 kbps Switched Digital Service or render any customer equipment or customer-provided communications system incompatible with 56 kbps Switched Digital Service, the Company will provide adequate notice, in writing, to allow the customer an opportunity to maintain uninterrupted service.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.3 REGULATIONS (Cont'd)

L. RESPONSIBILITY OF THE CUSTOMER

1. Allocation of Usage or Charges

The Company will not allocate the usage of 56 kbps Switched Digital Service or charges for such usage and is not responsible for the way the customer allocates such usage or charges to its users.

2. Availability for Maintenance, Testing or Modifications

If a trouble condition occurs, the customer must determine whether the trouble is in (1) the Company-provided service, or (2) the connected equipment system. The Company will test and maintain only the service that it provides.

The customer must make 56 kbps Switched Digital Service available for maintenance, testing, or implementation of changes it has ordered, at any reasonable, mutually agreeable time. Occasionally an impairment may only be evident at certain times (e.g., a certain hour of the day). In such cases, 56 kbps Switched Digital Service must be made available for testing during the same time periods if the trouble condition is to be corrected.

3. Compatibility with the Service

Customer provided premises equipment is required to terminate a 56 kbps Switched Digital Service call. Technical Publication, Pub. 41458, sets forth the specifications of this equipment. See Section 9.3.3.J.1 for Technical Publication availability.

The customer is responsible for assuring the compatibility of its equipment or communications system with 56 kbps Switched Digital Service. This responsibility applies at the initial installation and on a continuing basis as long as the connection is made. The Company will not alter or modify the service it furnishes because of additions or changes to equipment or systems provided by others.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.3 REGULATIONS (Cont'd)

L. RESPONSIBILITY OF THE CUSTOMER

4. Connection to the Service

When customer equipment or a customer-provided communication system is connected to a 56 kbps Switched Digital Service access line, the connection is subject to the regulations of the tariff under which the access line is provided.

The customer also assumes additional responsibilities that are described in the connection section of tariff Schedule Cal.P.U.C. No. A4.

5. Interference, Impairment or Hazard

The operating characteristics of customer equipment or a customer-provided communications system connected to 56 kbps Switched Digital Service must not interfere with, or impair, any of the services offered by the Company. In addition, they must not endanger the safety of Company employees or the public; damage or interfere with the proper functioning of the Company equipment; or otherwise injure the public in its use of 56 kbps Switched Digital Service.

6. Placement of Orders, Payment of Bills and Compliance with Regulations

The customer is responsible for placing all orders, complying with tariff regulations and for assuring that its users comply with tariff regulations. The customer is also responsible for the payment of bills for service.

M. TEMPORARY SURRENDER OF SERVICE

In certain instances, the customer may be asked to surrender 56 kbps Switched Digital Service for purposes other than maintenance, testing or activity relating to a service order. If the customer consents to surrender the service, a credit will be given. The credit will be determined in the same manner as Credit Allowances for interruptions.

N. TRANSFER OR ASSIGNMENT

56 kbps Switched Digital Service may be transferred or assigned to a new customer, provided that:

1. The customer of record (former customer) requests in writing that the Company transfer or assign the service to the new customer.

(N)

Continued

Private Line Services Tariff

89. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.3 REGULATIONS (Cont'd)

N. TRANSFER OF ASSIGNMENT (Cont'd)

2. The new customer notifies the Company in writing that it agrees to assume all obligations of the former customer at the time of transfer or assignment. These obligations include all outstanding indebtedness for the service.
3. The service is not interrupted at the time the transfer or assignment is made.
4. The Company agrees in writing to the transfer or assignment. The transfer or assignment does not relieve or discharge the former customer from remaining jointly and severally liable with the new customer for any obligations existing at the time of transfer or assignment. These obligations include all outstanding indebtedness for the service.

O. TRANSMISSION MEDIUM

The Company selects and/or arranges for the channels and/or service components used to provide 56 kbps Switched Digital Service. Any suitable technology or combination of technologies may be used. The Company may modify or change the channels and service components used to furnish 56 kbps Switched Digital Service at any time.

P. USE OF OTHER MEANS OF COMMUNICATION

If the customer elects to use another means of communication during the period of interruption, the customer must pay the charges for the alternative service used.

Q. USE OF SERVICE

56 kbps Switched Digital Service may be used for any lawful purpose consistent with this tariff and with the transmission and switching parameters of the telecommunications network.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.4 RATES AND CHARGES

A. APPLICATION OF RATES

The charges for 56 kbps Switched Digital Service consists of usage charges and are applied on a per call airline mileage basis within or between designated Company central offices.

B. USAGE RATES

The following applies for a 56 kbps Switched Digital Service call:

1. Initial Period

The initial period is the rate element for the initial 30 seconds, or fraction thereof, of a call.

(N)

Continued

Private Line Services Tariff

B9. HIGH CAPACITY SERVICES

(N)

9.3 56 Kbps SWITCHED DIGITAL SERVICE (Cont'd)

9.3.4 RATES AND CHARGES (Cont'd)

B. USAGE RATES (Cont'd)

2. Additional Period

The additional period is the rate element used to bill for the chargeable time when a call continues beyond the initial period. The additional period begins when the initial period ends. Additional period rates apply to each additional six seconds, or any fraction thereof, that chargeable time continues beyond the initial period.

3. Rates

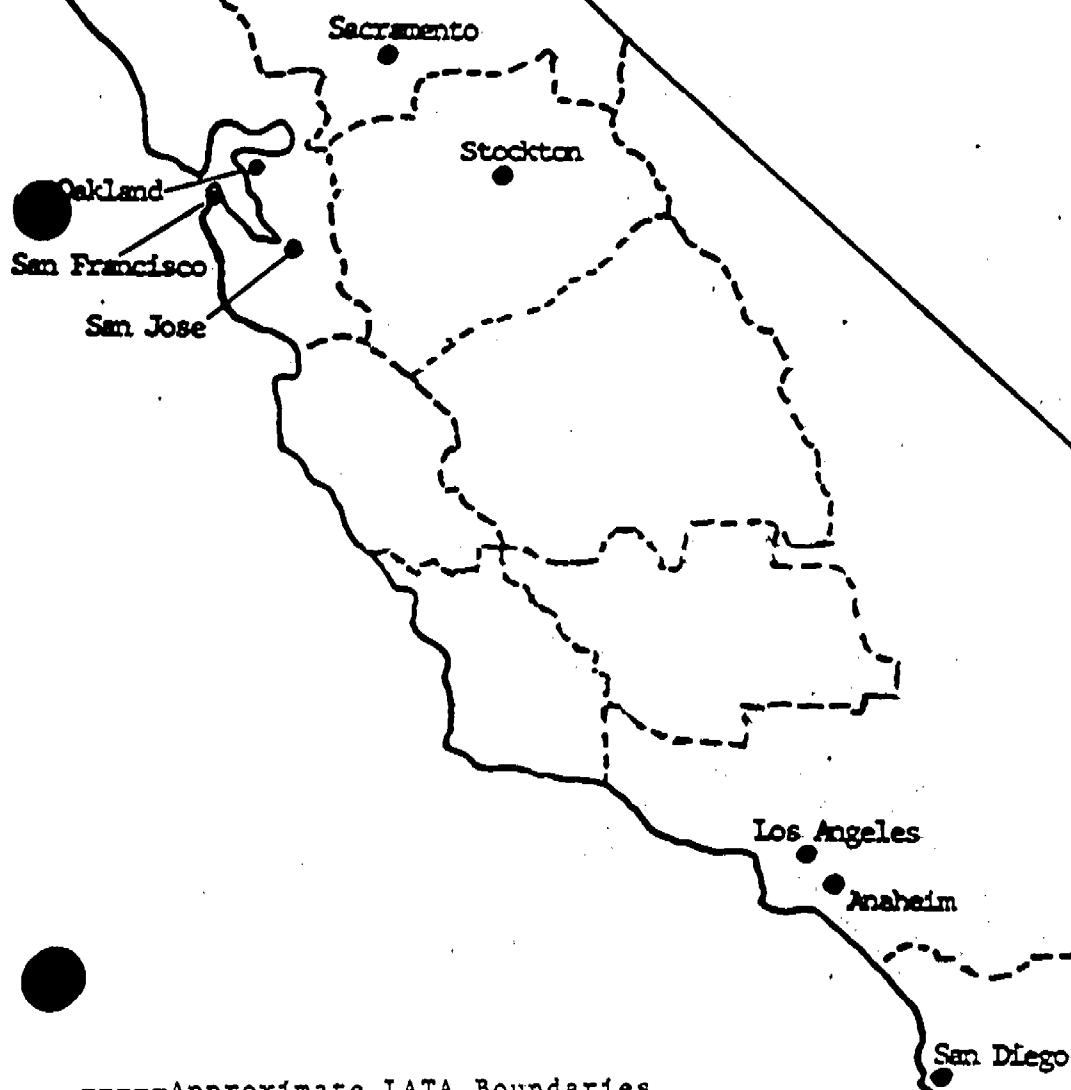
Airline Mileage	Rates	
	Initial Period (30 Sec.)	Each Additional Period (6 Sec.)
0	\$.205	\$.035
1-10	\$.210	\$.036
11-22	\$.215	\$.037
23-55	\$.225	\$.039
56-124	\$.240	\$.042
125-292	\$.255	\$.045
293-430	\$.295	\$.053
431-925	\$.360	\$.066

(N)

APPENDIX B

California 56 Kbps Switched Digital Service

The following cities contain
56 Kbps Switched Digital Service
designated AT&T central offices:
Anaheim, Los Angeles, Oakland,
Sacramento, San Diego, San Jose,
San Francisco and Stockton.



-----Approximate LATA Boundaries

(END OF APPENDIX B)

APPENDIX C

Brief Explanation of the
Vertical (V) and Horizontal (H)
Airline Mileage Measurement System

The V&H coordinate system has been used as a telephone industry standard in the United States for computing airline mileages between telephone rate centers for many years, to rate toll calls, private line circuit mileage, and to rate most other telephone services that are priced on a mileage sensitive basis and are provided beyond any given telephone exchange boundary.

The V&H coordinate system consists of a large number of vertical (V) and horizontal (H) grid lines laid across the United States such that a distance of one coordinate unit is the square root of 0.1 expressed in statute miles. By the V&H private line mileage determination method, the V coordinates difference and the H coordinate difference are each squared and then added to each other. Dividing the product of the squares of such V&H differences by 10 and taking the square root of the resulting number yields the airline distance in miles between the rate centers involved.

Example: Mileage measurement for
AT&T-C's Oakland to
Anaheim 56 kbps SDS.

	<u>V</u>	<u>H</u>
Oakland	8486	8696
Anaheim	<u>9250</u>	<u>7810</u>
Difference	764	886
Square and Add	$583,696 + 784,996 = 1,368,692$	
Divide by 10	$1,368,692 = 136,869.2$	
Take Square Root	$\sqrt{136,869.2} = 369.95$	

Round to 370 airline miles

(Source of formula, CACD Telephone Tariff Files. Source of V&H Coordinates for Oakland and Anaheim are from AT&T-C's application in this proceeding.)

(END OF APPENDIX C)