

**ORIGINAL**Decision **88 11 053** NOV 23 1988

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of AT&T Communications )  
of California, Inc. (U 5002 C) under )  
Rule 18 for a Certificate of Public )  
Convenience and Necessity for )  
Authority to Provide Intrastate )  
InterLATA AT&T MEGACOM<sup>®</sup> and AT&T )  
MEGACOM 800 Service. )

Application 88-07-020  
(Filed July 15, 1988)

(Appearances are listed in Appendix A.)

**INTERIM OPINION**  
**AUTHORIZING CONDITIONAL OPERATING AUTHORITY**

**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 AT&T<sup>1</sup> MEGACOM and AT&T MEGACOM 800 services. AT&T-C states that its comparable interstate MEGACOM and MEGACOM 800 services became effective on November 4, 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 July 19, 1988. Protests were subsequently received from California Association of Long Distance Companies (Caltel), the Commission's Division of Ratepayer Advocates (DRA), GTE California Incorporated (GTEC), MCI Telecommunications Corporation (MCI), Pacific Bell, and U.S. Sprint Communications (U.S. Sprint).

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1 AT&T is the parent of AT&T-C.

Protesters other than GTEC and Pacific Bell took issue with the rates or rate structures proposed by AT&T-C for these new services, insisting that these rates be cost based and not be subject to surcredits or other reductions which would drive the rates below the costs of these services.

GTEC and Pacific Bell raised the prospect that these services might be used to complete intraLATA calls, in violation of the Commission's ban on intraLATA competition.

On August 30, 1988 AT&T filed its "Response" challenging the merits of the protests, but agreeing to modify its request to seek interim approval subject to possible revision of the rates in the future. AT&T-C also agreed to three specific conditions dealing with rates and cost of service requested in U.S. Sprint's protest. In addition AT&T-C agreed to compensate Pacific Bell 3.86¢ per minute of intraLATA use attributable to this service offering.

On September 2, 1988, MCI replied to AT&T-C's August 30, 1988 "Response" stating that it was prepared to withdraw its protest of AT&T-C's proposed rates, ...<sup>2</sup> provided that no additional compensation above and beyond the access charges which [AT&T-C] already pays to [Pacific Bell] is included in [AT&T-C's] rates." MCI asserted that it is inappropriate to impose a compensation scheme, especially since the issue of intraLATA competition is before the Commission in Phase III of OII 87-11-033.

On September 9, 1988, AT&T-C, filed a further reply to the protests. This further reply included its offer to accept interim approval subject to 10 conditions<sup>2</sup> aimed at addressing the protestants' concerns.

On October 5, 1988 the Commission calendared this application for a prehearing conference (PHC) on October 18, 1988,

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<sup>2</sup> The specific conditions will be addressed later in this order.

and on October 6, 1988 the assigned Administrative Law Judge (ALJ) issued a ruling stating that:

"In addition to the usual procedural and scheduling matters covered at prehearing conferences, time will be provided for all parties to address AT&T Communications of California, Inc.'s (AT&T-C) proposal for the interim approval of this application as outlined in its:

"Reply of AT&T Communications of California, Inc. U 5002 C) in Connection with Application 88-07-020,' dated September 9, 1988."

On October 14, 1988, AT&T-C, submitted a formal position statement to the ALJ and to all parties of record in this proceeding.

On October 18, 1988 the prehearing conference was held and was concluded following agreement by AT&T-C and all interested parties that it would be reasonable to grant interim authority to AT&T-C to offer its MEGACOM and MEGACOM 800 services subject to 12 specific conditions<sup>2</sup> plus two general conditions left to be drafted by the ALJ, the first establishing that interim rates would not be modified in the rehearing of Decision (D.) 88-06-036 in Application (A.) 85-11-029, and the second stating that AT&T-C intends to work with Pacific Bell and the other LEC's, so that the LEC's costs for any incidental intraLATA service provided by AT&T-C will be recovered.

With acceptance of those conditions and concessions by AT&T-C all interested parties agreed that AT&T-C's MEGACOM and MEGACOM 800 services may be authorized on an interim basis by ex parte order.

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2 The specific conditions will be addressed later in this order.

Description of Proposed Service

AT&T MEGACOM service is an outward calling service that uses the AT&T Public Switched Telephone Network to transmit voice and data communications from a customer's premises to anywhere in the United States, including Alaska and Hawaii. The service is targeted at high volume users and employs direct access from the MEGACOM customer's premises to the MEGACOM Servicing Central Office. Accordingly, originating access is not provided as part of the service; instead the MEGACOM customer obtains originating access under AT&T's private line service tariffs, directly from the local exchange company (LEC), or through construction to the customer's own facilities. Call completion access, to connect the AT&T network to the called party anywhere in the United States, is included as part of the service and is obtained from the LEC which serves the called party.

MEGACOM 800 provides an inward calling service, billed to the called party, that uses the Public Switched Telephone Network to transmit voice and data communications from any customer station within the U.S. including Alaska and Hawaii to the MEGACOM 800 customer's premises. The service is targeted at high volume users and is further characterized by the use of 800 numbers to identify the called party. Terminating access is not provided as part of MEGACOM 800 service. Terminating access is obtained by the customer, either from AT&T's private line service tariffs, directly from the LEC, or through construction of the customer's own facilities. Originating call access, used to connect the calling customer to the AT&T network is obtained from the LEC serving the originating caller.

AT&T MEGACOM and MEGACOM 800 intrastate services will be communicated exclusively over facilities and equipment owned and operated by AT&T-C and its affiliated companies. These services are offered only as add-ons to similar interstate services offered by (AT&T-C's parent) AT&T in FCC Tariff Nos. 1 and 2.

AT&T-C states that it will use existing common facilities to render these new services, and new facilities are not required at this time.

To obtain intrastate MEGACOM and MEGACOM 800 service a customer must first apply and obtain interstate MEGACOM and MEGACOM 800 service under the prevailing interstate tariffs which contain the installation charges, the nonrecurring equipment charges and a recurring monthly minimum charge. Thereafter, the proposed rate structure for intrastate MEGACOM and MEGACOM 800 usage is as follows:

1. MEGACOM Usage schedule

- a. The following rates apply to AT&T MEGACOM service calls for all hours of the day and days of the week.

<u>Rate</u>	
<u>Initial 30 Seconds</u>	<u>Each Additional 6 Seconds</u>
<u>or Fraction</u>	<u>or Fraction</u>
\$ .075	\$ .015

- b. Charges for total usage will be rounded to the nearest cent.
- c. The minimum payment period for MEGACOM service is one day.

2. MEGACOM 800 Usage Schedule

- a. Rates  
Per Hour of Use

\$ 9.60

b. MEGACOM 800 Service Options

- (1) Basic service consists of the entire state, all numbering plan areas (NPA).
- (2) Customer selected NPAs allow a Customer to select specific NPA(s) from which calls to AT&T MEGACOM 800 service will be allowed. For example, a Customer in Home NPA 415 may elect to receive calls from NPA 619 only.

The following NPAs are contained in California:  
209, 213, 408, 415, 619, 707, 714, 805, 818, 916.

c. Minimum Average Time Requirement

The minimum average requirement for MEGACOM 800 service is 30 seconds. This means that if the average duration per call during each billing period is less than 30 seconds, billing will be based on the actual number of calls using an average duration of 30 seconds per call.

d. Charges for total usage will be rounded to the nearest cent.

e. The minimum payment period for MEGACOM 800 service is one day.

As noted above, the proposed California intrastate rates for MEGACOM and MEGACOM 800 service are usage sensitive, but they are not distance sensitive. Thus calls to any point within California are priced at the same usage rate. (See Appendix B to this order for further details).

In response to an inquiry from the ALJ, AT&T-C has furnished a map and a list of the vertical and horizontal (V&H) coordinates,<sup>3</sup> detailing respectively, the approximate and precise locations of the 19 AT&T-C central offices which are equipped to render MEGACOM and MEGACOM 800 services. (See Appendix C to this order for further details).

We will direct AT&T-C to include the locations of its serving central offices set forth in Appendix C to this order in its California intrastate tariffs for MEGACOM and MEGACOM 800 services.

AT&T-C seeks authority to provide these services on an interLATA basis and has agreed to not advertise or otherwise market

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<sup>3</sup> For an explanation of the V&H coordinate location and mileage measurement method, see Appendix D.

these services for intraLATA calling. However, AT&T-C claims that because of the technology used in rendering these services, 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 these services on an intraLATA basis, AT&T-C believes that the bulk of use will be by major business customers on an interstate and interLATA basis.

AT&T-C has recently offered to track and report the amount of intraLATA usage to the local exchange companies and to this Commission on a monthly basis.

MEGACOM and MEGACOM 800 services first became effective on November 4, 1985 on an interstate basis under FCC authority. AT&T-C's parent company intends to make this service offering available on a nationwide basis. There are currently intrastate tariffs on file and effective in the following 31 states:

State

Alabama	Nebraska
Arkansas	Nevada
Colorado	New Mexico
Florida	New York
Georgia	North Carolina
Idaho	Ohio
Illinois	Oregon
Indiana	Pennsylvania
Iowa	South Carolina
Kansas	Tennessee
Kentucky	Texas
Louisiana	Utah
Maryland	Virginia
Minnesota	Washington
Missouri	West Virginia
	Wisconsin

AT&T-C estimates that it will have the following numbers of customer lines at the end of the first and fifth year that these intrastate services are offered in California:

	<u>1st Year</u>	<u>5th Year</u>
	<u>Customer</u>	<u>Customer</u>
	<u>Lines</u>	<u>Lines</u>
MEGACOM	127	235
MEGACOM 800	120	260

The Agreed Upon Conditions

As previously discussed, AT&T-C proposed certain conditions designed to address the protestants concerns, and expedite the grant of interim approval. The first 10 conditions were proposed in AT&T-C's September 9, 1988 Response. The remaining four conditions were added as a result of the October 18th PHC. The conditions are:

1. That the "uniform" surcredit authorized by Commission Decision 88-06-036 for AT&T-C's switched services does not apply to the MEGACOM/MEGACOM 800 services which were not in existence on July 1 when the surcredit was ordered;
2. That this application is granted on an interim basis only, and that it is not intended to serve as the "first case" for AT&T-C regulatory flexibility; and,
3. That there will be procedural opportunities outside this proceeding to raise any issues regarding approval of this application on a permanent basis.
4. The application is consolidated with Investigation No. 87-11-033 for final resolution of the intraLATA issue.
5. The conditions in this decision are interim only and are without prejudice to any person making any argument in the Phase III (I.87-11-033) proceeding, or any other appropriate proceeding, concerning the issue of compensation or the extent to



which the ban on intraLATA competition should continue for this proposed service or for any other AT&T-C service.

6. AT&T-C will be required to pay compensation to local exchange carriers for their loss in revenues.
7. Compensation in the amount of \$.0386 will be paid by AT&T-C during the interim period for each intraLATA minute provided by AT&T-C with its MEGACOM OR MEGACOM 800 service. AT&T-C will: record such minutes, provide monthly reports of such usage, and make monthly payments. Local exchange carriers will be provided reasonable access to audit both the recording and AT&T-C's reporting of use.
8. This compensation is interim pending a decision by the Commission in the Phase III (I.87-11-033) proceedings. No retroactive adjustments to the payments made during the interim period shall occur unless agreed to by both parties or ordered by the Commission.
9. This proposal is put forward to deal only with incidental intraLATA traffic. Therefore, as stated in its application, AT&T-C will be ordered not to hold MEGACOM or MEGACOM 800 out as intraLATA offerings in either its tariffs or its advertising.
10. AT&T-C will amend its application to make it clear that it will provide local exchange carriers with a Percent Interstate Usage factor to permit it to bill AT&T-C intrastate access charges for the California intrastate usage of MEGACOM and MEGACOM 800.

The following two conditions were agreed to at the PHC to resolve parties' further concerns.

11. The rates proposed by AT&T-C for MEGACOM and MEGACOM 800, will be interim and will be reexamined in light of the costing and pricing methodology adopted by the

Commission in AT&T-C's pending application A.88-08-051 for its proposed PRO California service, and

12. The PRO Cal application should not be the test application for costing methodologies for new services, but should be used to test the appropriate costs MEGACOM and MEGACOM 800 and PRO California services only.

In addition the parties agreed that:

13. The interim rates for California intrastate interLATA MEGACOM and MEGACOM 800 services will not be subject to any further modification due to the pending rehearing of the issues of refunds in A.85-11-029, for example, if the Commission should choose to refund those monies based on prior usage, it would have no effect on MEGACOM and MEGACOM 800 rates, and
14. AT&T-C be directed to work with Pacific and the other local exchange companies to perfect the opportunity for them to recover their costs of any incidental intraLATA usage on MEGACOM and MEGACOM 800 services [with a similar offering to that affording the 3.86¢ per minute of intraLATA use to Pacific Bell].

#### Correspondence Received

After the prehearing conference AT&T-C sent a letter to the ALJ dated October 20, 1988 which included attachments providing details of the central office locations from which MEGACOM and MEGACOM 800 services may be provided (See Appendix C for those details).

#### Discussion

Since AT&T-C's proposed service constitutes a logical extension of its current interstate offering of MEGACOM and MEGACOM 800 services to its California intrastate interLATA customers and is not intended for intraLATA use, and since AT&T-C has agreed to the 14 conditions presented as pre-conditions for interim approval,

there is no need for a hearing on this application. We will authorize the CPCN for interim authority as requested, on an ex parte basis, provided that AT&T-C will not hold out this offering on an intraLATA basis, and that it will report any incidental intraLATA usage on a monthly schedule.

Since AT&T-C represents that it has interested customers waiting for this service, in the interests of expediting this service offering, we will make this order effective today.

Findings of Fact

1. AT&T-C requests a CPCN to provide MEGACOM and MEGACOM 800 services on an interLATA basis in California, as a complement to its current interstate offering of these services under Federal Communications Commission approved tariffs.

2. AT&T-C agrees to not market or hold itself out to provide these services on an intraLATA basis.

3. AT&T-C has agreed to 14 specific conditions as set forth in the narrative of this order, to reach a consensus with interested parties who had protested the application, that authority to render these services may be granted on an interim basis.

4. AT&T-C currently has sufficient access lines and equipment necessary to provide of these services.

5. AT&T-C has the technical ability to provide the proposed services on a safe, effective, reliable, and continuous basis.

6. AT&T-C has the financial ability to effectively implement the proposed services without any significant impact on its other telephone utility operations.

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

8. AT&T-C has agreed to establish usage sensitive tariffed interim rates and charges and the necessary special conditions for

its MEGACOM and MEGACOM 800 services as set forth in its application and as contained in Appendix B to this order.

9. AT&T-C has agreed to include a California reference map similar to the one set forth in Appendix C to this order, delineating the approximate boundaries of the 10 Local Access and Transportation Areas (LATA's) of California and the locations of its 19 central offices equipped for provision of these services, as a part of its filed tariff schedules.

10. AT&T has customers now served on an interstate basis who desire MEGACOM and MEGACOM 800 services on an intrastate basis as well.

11. AT&T-C urges that this order be granted without delay, so that it may be permitted to render these services to customers as soon as possible.

12. MEGACOM and MEGACOM 800 services are voice telephone services and as such are subject to the 4% Universal Lifeline Telephone Surcharge (ULTS) on all revenues produced by these services under D.87-10-088 issued October 28, 1987.

13. Revenues obtained from MEGACOM and MEGACOM 800 services are also subject to the one half percent (1/2%) surcharge to fund Telecommunications Devices for the Deaf (TDD) 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.

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

Conclusions of Law

1. AT&T-C should not be authorized to market MEGACOM and MEGACOM 800 services for use on an intraLATA basis.

2. AT&T-C should be required to file usage 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 of these services, except on an incidental basis.

3. AT&T-C should be required to make a monthly, compliance filing served on all interested parties on any incidental intralATA usage which may result through the current technology used to provide these services. Customer names associated with such incidental usage should be omitted to allow reasonable privacy of user identity.

4. AT&T-C should also be required to honor the balance of the 14 specific conditions it agreed to with interested parties at the October 18, 1988 prehearing conference, as a precondition for authorization of California intrastate interLATA MEGACOM and MEGACOM 800 services on an interim basis.

5. AT&T-C's MEGACOM and MEGACOM 800 services should be limited to the 19 initial central offices set forth in Appendix C 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 these services as well as a revised map noting the new service locations.

6. Because of the public interest in effective competition in California interstate interLATA services similar to MEGACOM and MEGACOM 800, and because AT&T-C's interstate customers have expressed an interest in purchasing these services from AT&T-C as soon as possible, this order should be made effective today.

7. This application should be granted on an interim basis to the extent set forth in the following order.

INTERIM ORDER

IT IS ORDERED that:

1. AT&T Communications of California (AT&T-C) is granted a certificate of public convenience and necessity, pursuant to PU Code § 1005, to provide intrastate interLATA MEGACOM and MEGACOM

800 services on an interim basis within the State of California, subject to the following conditions:

- a. That the "uniform" surcredit authorized by Commission Decision 88-06-036 for AT&T-C's switched services does not apply to the MEGACOM/MEGACOM 800 services which were not in existence on July 1 when the surcredit was ordered;
- b. That this application is granted on an interim basis only, and that it is not intended to serve as the "first case" for AT&T-C regulatory flexibility; and
- c. That there will be procedural opportunities outside this proceeding to raise any issues regarding approval of this application on a permanent basis.
- d. The application is consolidated with Investigation No. 87-11-033 for final resolution of the intraLATA issue.
- e. The conditions in this decision are interim only and are without prejudice to any person making any argument in the Phase III (I.87-11-033) proceeding, or any other appropriate proceeding, concerning the issue of compensation or the extent to which the ban on intraLATA competition should continue for this proposed service or for any other AT&T-C service.
- f. AT&T-C will be required to pay compensation to local exchange carriers for their loss in revenues.
- g. Compensation in the amount of \$.0386 will be paid by AT&T-C during the interim period for each intraLATA minute provided by AT&T-C with its MEGACOM OR MEGACOM 800 service. AT&T-C will: record such minutes, provide monthly reports of such usage, and make monthly payments. Local exchange carriers will be provided reasonable access to audit both the recording and AT&T-C's reporting of use.

- h. This compensation is interim pending a decision by the Commission in the Phase III (I.87-11-033) proceedings. No retroactive adjustments to the payments made during the interim period shall occur unless agreed to by both parties or ordered by the Commission.
- i. This proposal is put forward to deal only with incidental intraLATA traffic. Therefore, as stated in its application, AT&T-C will be ordered not to hold MEGACOM or MEGACOM 800 out as intraLATA offerings in either its tariffs or its advertising.
- j. AT&T-C will amend its application to make it clear that it will provide local exchange carriers with a Percent Interstate Usage factor to permit it to bill AT&T-C intrastate access charges for the California intrastate usage of MEGACOM and MEGACOM 800.
- k. The rates proposed by AT&T-C for MEGACOM and MEGACOM 800, will be interim and will be reexamined in light of the costing and pricing methodology adopted by the Commission in AT&T-C's pending application A.88-08-051 for its proposed PRO California service, and
- l. The PRO Cal application should not be the test application for costing methodologies for new services, but should be used to test the appropriate costs MEGACOM and MEGACOM 800 and PRO California services only. (See Ordering Paragraph 11 for possible modification to this condition.)
- m. The interim rates for California intrastate interLATA MEGACOM and MEGACOM 800 services will not be subject to any further modification due to the pending rehearing of the issues of refunds in A.85-11-029, for example, if the Commission should choose to refund those monies based on prior usage, it would have no effect on MEGACOM and MEGACOM 800 rates, and

- n. AT&T-C be directed to work with Pacific and the other local exchange companies to perfect the opportunity for them to recover their costs of any incidental intraLATA usage on MEGACOM and MEGACOM 800 services (with a similar offering to that affording the 3.86¢ per minute of intraLATA use to Pacific Bell).

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 MEGACOM and MEGACOM 800 services substantially in accordance with Appendix B 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 (1/2%) to cover the funding of the Disabled Equipment Acquisition Fund (DEAF) Trust for service rendered, pursuant to this Commission's Resolution No. T-13005 and PU Code § 2881, and will also be subject to the four percent (4%) Universal Lifeline Telephone Surcharge (ULTS) as set forth in D.87-10-088 issued October 28, 1987.

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 the 19 central offices from which these services are rendered together with the approximate LATA boundaries for the State of California and a listing of the respective V and H coordinates for these central offices, similar to the information contained in Appendix C to this order.

4. AT&T-C shall 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 location and airline mileage measurement system.



5. AT&T-C shall also include a statement and/or special condition in its tariff filing, made pursuant to Ordering Paragraph 2 above, that the rates and charges set forth are interim rates which may be modified, and/or terminated by further order of this Commission following submission of the formal record in AT&T-C's A.88-08-051 for authority to provide PRO California service.

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

7. 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.

8. AT&T-C shall notify the Commission Advisory and Compliance Division (CACD) Director within 5 days after the offering of MEGACOM and MEGACOM 800 services begins.

9. AT&T-C shall monitor the implementation of MEGACOM and MEGACOM 800 services in California and shall submit monthly reports in duplicate 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 sent to each party set forth in Appendix A, 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.

10. The reporting requirement of Ordering Paragraph 9 shall commence within 60 days after the last day of 1988 for the December 1988 report and within 45 days after the end of each month thereafter, and shall terminate with the filing of the monthly report for December 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 A.88-08-051 for authority to offer PRO California service shall be the designated proceeding for interested parties to address the reasonableness and propriety of AT&T-C's interim rates for MEGACOM and MEGACOM 800 as authorized in this order. The remaining issue of whether or not the PRO California proceeding will be used for review of matters other than PRO California, MEGACOM and MEGACOM 800 services will be addressed in the order in A.87-10-039, AT&T-C's application for limited regulatory flexibility.

12. AT&T-C's MEGACOM and MEGACOM 800 are utility services subject to the user fee as a percentage of gross intrastate revenue under PU Code § 431 through 435.

This order is effective today.

Dated NOV 23 1988, at San Francisco, California.

STANLEY W. HULETT  
President  
DONALD VIAL  
FREDERICK R. DUDA  
G. MITCHELL WILK  
JOHN B. OHANIAN  
Commissioners

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

*[Signature]*  
Executive Director

APPENDIX A

List of Appearances

**Applicant:** Richard A. Bromley, Attorney at Law, for AT&T Communications of California, Inc.,

**Protestants:** Marlin D. Ard, Attorney at Law, for Pacific Bell, and Armour, St. John, Wilcox Goodin & Schlotz, by Thomas J. MacBride, Jr., Attorney at Law, for California Association of Long Distance Telephone Companies;

**Interested Parties:**

Mark Barmore, Attorney at Law, for Toward Utility Rate Normalization (TURN); Cooper, White & Cooper, by E. Garth Black and Mark P. Schreiber, Attorneys at Law, for Roseville Telephone Company; Davis, Young & Mendelson, by Jeffrey E. Beck, Attorney at Law, for CP National, Citizens Utilities Company of California, Happy Valley Telephone Company, Hornitos Telephone Company, Kerman Telephone Company, Pinnacles Telephone Company, Sierra Telephone Company, The Siskiyou Telephone Company, Tuolumne Telephone Company, The Volcano Telephone Company, and Winterhaven Telephone Company; John H. Engel, Attorney at Law, for Citizens Utilities Company of California; James L. Lewis, Attorney at Law, for MCI Telecommunications Corporation; Jerry O'Brien and Diane Martinez, for API Alarm Systems; Pelavin & Norberg, by Alvin H. Pelavin, Attorney at Law; Cooper, White & Cooper, by E. Garth Black and Mark P. Schreiber, Attorneys at Law, for Calaveras Telephone Company, California-Oregon Telephone Company, Ducor Telephone Company, Foresthill Telephone Company, and The Ponderosa Telephone Company; Earl N. Selby, Attorney at Law, for Bay Area Teleport; Shelley I. Smith, Assistant City Attorney, for City of Los Angeles; Phyllis A. Whitten, Attorney at Law, for U.S. Sprint Communications Company and John Witt, City Attorney, by William S. Shaffran and Leslie Girard Deputy City Attorneys, for the City of San Diego.

**Division of Ratepayer Advocates:** Cindi Rosse, Attorney at Law, and Tom Doub

(END OF APPENDIX A)

APPENDIX B

Proposed MEGACOM and MEGACOM 800 Service Tariff

Network Services Tariff

A2. GENERAL REGULATIONS

LIST OF EFFECTIVE SHEETS

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

<u>Revision Number</u>	<u>Sheet</u>	<u>Revision Number</u>	<u>Sheet</u>
21st	CS A	1st	20
1st	ToC A	1st	21
9th	ToC B	1st	22
4th	ToC C	1st	23
4th	1	1st	24
3rd	2	2nd	25
1st	2.1	2nd	26
3rd	3	1st	27
Original	3.1	1st	28
2nd	4	6th	29
3rd	5	7th	29.1
Original	5.1	8th	29.2
2nd	6	1st	30
2nd	7	1st	31
1st	8	1st	32
1st	9	1st	33
1st	10	1st	34
2nd	11	1st	35
3rd	12	1st	36
1st	13	1st	37
1st	14	1st	38
1st	15	1st	39
1st	16	1st	40
1st	17	1st	41
1st	18	1st	42
1st	19		

NOTE 1: Sheets issued.

Advice Letter No.

Decision No.

Issued by

Kenneth R. Parker  
Regional Director

Date Filed:

Effective:

Resolution No.

Page 1

Network Services Tariff

A2. GENERAL REGULATIONS

2.1 RULE NO. 1 - DEFINITION OF TERMS

ACCOUNT

Each separate service, or combined services, or each portion of a service, for which a separate bill is rendered. A customer may have more than one account.

AIRLINE MILE

Airline mile, as used in connection with airline mileage measurements in determining charges for telecommunications service, means statute mile or 5,280 feet.

APPLICANT

An individual or concern making application to the Company for new or additional telecommunications service, installation of facilities, moves or changes of existing service.

APPLICATION CANCELLED, MODIFIED OR DEFERRED

Any act or omission by an applicant or customer to cancel, modify, postpone, suspend, defer or delay either the installation of new or additional service or a move or change ordered by the applicant or customer.

APPLICATION FOR SERVICE

Request by an applicant or customer for new or additional service or facilities or a change or rearrangement of existing service or facilities.

ASSEMBLY

A configuration consisting of customer premises equipment and/or a communications system which is connected to a service.

AT&T CENTRAL OFFICE

The physical point of access for a service to the AT&T interoffice network. Criteria for establishing AT&T Central Offices and a list of AT&T Central Offices with services provided are in this Company's Tariff F.C.C. No. 10.

(N)

(N)

Material omitted now on Sheet 2.

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Network Services Tariff

A2. GENERAL REGULATIONS

2.1 RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

BILLING NUMBER

The local exchange telephone number associated with a customer name and address and to which long distance charges are billed.

BUILDING

A "Building" is a structure consisting of an enclosed area surrounded by outside walls and under one continuous roof.

BUSINESS SERVICE see SERVICE, BUSINESS

CALIFORNIA RELAY SERVICE

A dual party relay system using AT&T Communication Assistants to connect deaf or severely hearing-impaired persons with persons of normal hearing.

CALLING RECORDS

Calling records are the records of calls made from a customer's telephone number, no matter how recorded and regardless of whether such information appears on the customers monthly bill.

(L) Material formerly on Sheet 1.  
Material omitted now on Sheet 2.1.

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A2. GENERAL REGULATIONS

2.1. RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

CENTRAL OFFICE

A "Central Office" is a Local Exchange Utility location from which it furnishes telecommunications service.

COMMERCIAL CREDIT CARD

The term "Commercial Credit Card" denotes a billing arrangement by which a call may be charged to an authorized commercial credit card number.

COMPANY

The "Company" is the AT&T Communications of California, Inc., and the (T)  
American Telephone and Telegraph Company, Interstate Division. (CN)  
(AT&T Communications). (CN)

COMPLETED CALL OR TELEPHONIC COMMUNICATION

A call or telephonic communication originated by a person or mechanical/electrical device from a number to another number which is answered by a person or mechanical/electrical device. The numbers may be located any distance apart and the communication may consist of voice, data, or the combination of both, and may be for any duration of time.

CONNECTING ARRANGEMENT

A "Connecting Arrangement" is equipment provided by the Company to accomplish the direct electrical connection of terminal equipment to a service.

CREDIT INFORMATION

A customer's credit information is the information contained in the customer's account record, including but not limited to: account established date, "can-be-reached" number, name of employer, employer's address, customer's driver's license number, billing name and location of previous service.

CUSTOMER

A "Customer" is a person or legal entity that is responsible for ordering telecommunications service, paying all charges and complying with all tariff regulations.

L Formerly on Sheet 2.

Material omitted now on Sheet 3.

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Network Services Tariff

A2. GENERAL REGULATIONS

2.1 RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

CUSTOMER PROVIDED COMMUNICATIONS SYSTEM

Dedicated private line channels and equipment (e.g., microwave or cable system) furnished by the Customer for communications between premises.

(N)

(N)

DIRECT ELECTRICAL CONNECTION

Denotes a physical connection of the electrical conductors in the communications path.

(L)

DISCONNECT

A discontinuance of service in which the facilities used for the service are made available for use for another service.

(L)

DISTRICT AREA

A specific portion of an exchange area served by the Local Exchange Company from a particular central office or by a group of central offices common only to that portion.

DUAL PARTY RELAY SYSTEM

See California Relay Service.

EXCHANGE

An "Exchange" is a unit established by the Local Exchange Utility for the administration of communications service in a specified area which usually embraces a city, town, or village and its environs. It consists of one or more central offices together with the associated plant used in furnishing communications service within that area.

EXCHANGE AREA

An "Exchange Area" is the territory served by an exchange.

(L) Material formerly on Sheet 2.1.  
Material omitted now on Sheet 3.1.

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Network Services Tariff

A2. GENERAL REGULATIONS

2.1. RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

GRANDFATHERED

(L)

The term grandfathered refers to service or equipment provided to existing customers at rates set forth in these tariffs, but not offered for service additions or to new applicants.

(L)

(L)

HOME NPA

(N)

As used in connection with AT&T MEGACOM 800 Service, the NPA of the AT&T MEGACOM 800 Service Central Office from which a Customer has obtained service.

(N)

INSTALLATION CHARGE

(L)

A one-time charge made under certain conditions to cover all or a portion of the cost of providing telecommunications services or arrangements.

INTERFACE

An "Interface" is the means by which a connection is effected between a service and another service, a communications system, terminal equipment, other Company-provided services, or services provided by a Local Exchange Utility.

(L)

(L) Material formerly on Sheet 3.

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A2. GENERAL REGULATIONS

2.1 RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

MULTILINE TERMINATING SYSTEM

Customer's or User's premises switching equipment and key telephone type systems which are capable of terminating more than one local exchange service line, WATS access line, circuit or Customer-provided communications system.

(N)

(N)

NONRECURRING CHARGE

A one-time charge designed to cover miscellaneous expenses applicable to certain equipment items furnished.

OFFICE

A place where business is transacted or a service is supplied, such as consulting, record keeping, clerical work, etc.

OFF-PREMISES LOCATION

A premises of a customer other than the primary location (or on-premises location).

PLANT (FACILITIES)

"Plant" is all central office equipment, radio and electronic equipment, pole lines, cable, wire, conduit, land and buildings associated with the provision of Company circuits and services.

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## Network Services Tariff

## A2. GENERAL REGULATIONS

## 2.1 RULE NO. 1 - DEFINITION OF TERMS (Cont'd)

## PREMISES

A "Premises" is a building or buildings occupied by a single customer on continuous property not separated by a public highway.

## PRIMARY LOCATION

The customer premises location of the primary service as opposed to off premises locations.

## RATE CENTER

A rate center is a specified geographic location, within an exchange area from which mileage measurements are determined.

## ROOM

Space in a building surrounded by walls or closed partitions provided the opening between the top of such walls or closed partition and the ceiling is less than two feet.

(L) Material formerly on Sheet 5.

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Network Services Tariff

A9. CUSTOM NETWORK SERVICE

LIST OF EFFECTIVE SHEETS

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

<u>Revision Number</u>	<u>Sheet</u>	<u>Revision Number</u>	<u>Sheet</u>
6th	CS A	Original	21
3rd	ToC A	Original	22
1st	ToC B	2nd	23
4th	1	2nd	24
2nd	2	Original	25
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Original	15		
Original	16		
Original	17		
Original	18		
Original	19		
Original	20		

NOTE 1: Sheets issued.

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A9. CUSTOM NETWORK SERVICE

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A9. CUSTOM NETWORK SERVICE

9.1 GENERAL

A. APPLICATION

This tariff contains the regulations and rates applicable to Custom Network Service between two stations in the state of California.

(N)

B. JURISDICTION

Jurisdiction refers to the classification of a Custom Network Service call as intrastate or interstate. Jurisdiction is a matter of law, not of Company discretion or policy, or Customer preference. The Law describing what constitutes interstate jurisdiction is the Communications Act of 1934, as amended. Some portions of this service are only subject to the jurisdiction of the Federal Communications Commission. This tariff covers the portion of Custom Network Service that is subject to the California Public Utilities Commission's jurisdiction.

(N)

9.1.1 DESCRIPTION

Custom Network Service is furnished for the transmission of voice communications but may also be used for data, facsimile, signaling, metering, or other similar communications, subject to the transmission capabilities of the service.

Custom Network Service is available twenty-four hours a day, seven days per week.

The Company does not transmit messages. However, Custom Network Service may be used for that purpose.

9.1.2 REGULATIONS

A. ABUSE OF SERVICE

The abuse of Custom Network Service is prohibited. The following activities constitute abuse:

- Using the service to make calls which might reasonably be expected to frighten, abuse, torment, or harass another, or
- Using the service in such a way that it interferes unreasonably with the use of other Company services.

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## Network Services Tariff

## A9. CUSTOM NETWORK SERVICE

## 9.1 GENERAL (Cont'd)

## 9.1.2 REGULATIONS (Cont'd)

## J. INTERFERENCE, IMPAIRMENT OR IMPROPER USE (Cont'd)

herein shall preclude the Company's right to deny or restrict the service without further notice.

When a violation results in a denial for additional service and/or restriction of service, the denial and/or restriction will be moved when the customer is in compliance with the regulation and so advises the Company.

The use and restoration of Custom Network Service will be in accordance with Part 64, Subpart D, of the Federal Communications Commission's Rules and Regulations.

(N)

(N)

## K. 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 initial period charge provided for under this tariff for a Custom Network Service call for the period during which the call was affected.

## L. MINIMUM PAYMENT PERIOD

The minimum payment period for Custom Network Services components is three months except for the Software Defined Network Optional Features and MEGACOM®/MEGACOM 800 Services. The minimum payment period for the Software Defined Network Optional Features is one month. The minimum payment period for MEGACOM/MEGACOM 800 Services is one day.

(T)

(T)

(N)

## M. NONPAYMENT OF CHARGES

The Company may deny and/or restrict Custom Network Service for nonpayment of charges due as specified in Part Payment of Charges, following. A written notice will be sent to the customer at least five days in advance of the restriction and/or denial of service. Upon payment of charges the restriction and/or denial of Custom Network Service will be removed.

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A9. CUSTOM NETWORK SERVICE

9.1 GENERAL (Cont'd)  
9.1.2 REGULATIONS (Cont'd)

N. NOTICE OF DISCONTINUANCE

The Customer's order to discontinue Custom Network Services must be received by this Company one month prior to the day on which the service is to be discontinued, except for Software Defined Network service for which three months notice is required. Monthly recurring charges apply for that period from the date the Company receives the discontinuance notice or until the requested discontinuance date, whichever is later. The charges will continue to apply whether or not the customer continues to use the service.

O. ORDER CANCELLATION

The minimum period for cancellation of an order is 30 days prior to the originally requested service date.

P. PAYMENT OF CHARGES

Payment for Custom Network Service is due upon presentation of the bill. Custom Network Service may be denied for non-payment of a bill as specified in M. above.

Q. PROVISION OF SERVICE

Custom Network Service is fully supported by the Company through engineering, installation and maintenance efforts. The Company will assure that each service functions properly within its specified transmission and switching parameters.

The Company is responsible for the provision of Custom Network Service from station to station. It is not responsible for the quality of transmission or signaling on the Customer's side of the interface at a Customer's premises. For AT&T MEGACOM/MEGACOM 800 Service, the Company is responsible for the quality of transmission and/or signaling from the AT&T MEGACOM/MEGACOM 800 Service Central Office to the called/calling station.

(L) Formerly on Sheet 6.  
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A9. CUSTOM NETWORK SERVICE

- 9.1 GENERAL (Cont'd)  
9.1.2 REGULATIONS (Cont'd)  
Q. PROVISION OF SERVICE (Cont'd)

1. Engineering

The Company will engineer to the specifications and parameters of the service provided.

2. Installation

When installation of a component is required, it will be installed subject to the availability of installation personnel and equipment. Installations will usually be made during normal working hours.

3. Maintenance

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

4. Hazardous Locations

A Company-provided access line will not be furnished at a location the Company considers hazardous (e.g., explosive atmosphere environments). In such cases, the Company, if so requested, will terminate the access line at a mutually agreeable alternate location. The customer will then be responsible for extension of the access line to the hazardous location. (L)

(L) Formerly on Sheet 7.

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A9. CUSTOM NETWORK SERVICE

9.1 GENERAL (Cont'd)  
9.1.2 REGULATIONS (Cont'd)

R. RATE DETERMINATION

The rate for a Custom Network Service call is charged on a per call basis and is determined by factors such as:

- The distance between the rate centers of the originating (calling) station and the terminating (called) station; and, under certain conditions the distance between the V&H coordinates of an AT&T central office and the rate center of a station or the V&H coordinate of a AT&T central office.
- The time of day and the day of week.
- The duration of the call.

The specific factors which apply to a given Custom Network Service call and their application are listed in the rate section applicable to that type of call.

S. RESPONSIBILITIES OF THE CUSTOMER

1. Connections to Custom Network Service

(T)

When customer equipment or a customer - provided communications system is connected to Custom Network Service, the customer assumes additional responsibilities that are described in the Connections section of this tariff, Schedule Cal.P.U.C. No. A4.

2. Payment of Bills and Compliance with Regulations

The customer is responsible for placing any necessary orders and complying with tariff regulations for Custom Network Service and for assuring that its users comply with tariff regulations. The customer is also responsible for the payment of bills for the service, including payment for Custom Network Service calls or services originated at the customer's number(s).

3. Establishing Identity

The calling party is responsible for establishing its identity as often as necessary during the course of a call. The calling party assumes full responsibility for identifying the station, party, or person with whom connection is made at the called number or numbers.

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## Network Services Tariff

## A9. CUSTOM NETWORK SERVICE

## 9.3 AT&amp;T MEGACOM®/MEGACOM 800 SERVICES (N)

## 9.3.1 GENERAL

- A. AT&T MEGACOM Service is a custom switched telecommunications service which permits outward calling from designated AT&T MEGACOM Service Central Offices to stations throughout the state of California. Intrastate service is intended for interLATA usage and is an add on to the interstate AT&T MEGACOM Service provided in this Company's Tariff F.C.C. No. 1. AT&T MEGACOM Service rates and charges apply to calls completed from AT&T MEGACOM Service Central Offices to called stations.
- B. AT&T MEGACOM 800 Service is a custom switched telecommunications service which permits inward 800 number calling from stations located in the state of California to an AT&T MEGACOM 800 Service Central Office. Intrastate service is an add on to the interstate AT&T MEGACOM 800 Service provided in this Company's Tariff F.C.C. No. 2. AT&T MEGACOM 800 Service rates and charges apply to calls completed from calling stations to AT&T MEGACOM 800 Service Central Offices. Customers may subscribe to the basic service which includes the entire state or to customer selected NPA(s) within the state. Calls from points outside the selected NPA(s) will be blocked.
- C. MEGACOM/MEGACOM 800 calls are dialed and completed without the assistance of a company operator, and do not include
- Calling Card calls.
  - Person-to-Person calls.
  - Collect calls.
  - Third Number Billed calls.
  - Conference calls.
  - Calls to 700, 800 or 900 Special Service Codes, or
  - Any other classification of operator handled calls.

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A9. CUSTOM NETWORK SERVICE

9.3 AT&T MEGACOM/MEGACOM 800 SERVICES (Cont'd)

(N)

9.3.2 REGULATION

A. PROVISION OF AT&T MEGACOM/MEGACOM 800 SERVICE

AT&T MEGACOM/MEGACOM 800 Service are offered under this tariff subject to the availability of suitable service components furnished by this Company or obtained from others.

The Company is responsible for the quality of transmission and/or signaling from the AT&T MEGACOM/MEGACOM 800 Service Central Office to the called/calling station.

1. Engineering

AT&T MEGACOM/MEGACOM 800 Services will be engineered to meet its transmission parameters.

2. Installation

Installation of AT&T MEGACOM/MEGACOM 800 Services will usually be made during normal working hours.

3. Maintenance

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

B. APPLICATION

AT&T MEGACOM/MEGACOM 800 Services are intrastate interLATA offerings. 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.

C. AVAILABILITY

AT&T MEGACOM/MEGACOM Services are available at designated AT&T MEGACOM Service Central Offices as specified in this Company's Tariff F.C.C. No. 10.

(N)

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A9. CUSTOM NETWORK SERVICE

9.3 AT&T MEGACOM/MEGACOM 800 SERVICES (Cont'd)  
9.3.2 REGULATION (Cont'd)

(N)

D. TRANSFER OR ASSIGNMENT

AT&T MEGACOM/MEGACOM 800 Service, including any associated telephone number(s), may be transferred or assigned to a new Customer. See this Company's Tariff F.C.C. No. 1 and 2.

E. RETENTION OF AT&T MEGACOM 800 SERVICE TELEPHONE NUMBER

Customers may retain the same AT&T MEGACOM 800 Service telephone number when moving to another location or changing to AT&T 800 Service.

9.3.3 ACCESS

Access to the AT&T MEGACOM/MEGACOM 800 Service Central Office is the responsibility of the Customer. A Central Office Connection, as provided under this Company's Private Line Tariff F.C.C. No. 9, is required to connect access to AT&T MEGACOM Service. Access may be furnished by this Company as specified in Tariff F.C.C. No. 9 and/or Tariff F.C.C. No. 11. The Customer also has the option of providing his own access facilities.

9.3.4 MEGACOM RATES AND CHARGES

A. GENERAL

AT&T MEGACOM Service rates are usage-based. Usage Charges are billed in arrears, and apply to all calls completed on AT&T MEGACOM Service. Usage Charges on AT&T MEGACOM Service are determined by the following rate schedules.

B. RATE DETERMINATION

Rate determination of the AT&T MEGACOM Service rate schedules is as follows:

1. Initial Period

The initial period for all calls on AT&T MEGACOM Service is 30 seconds.

2. Additional Period

The additional period for all calls on AT&T MEGACOM Service is 6 seconds.

(N)

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A9. CUSTOM NETWORK SERVICE

9.3 AT&T MEGACOM/MEGACOM 800 SERVICES (Cont'd) (N)

9.3.4 MEGACOM RATES AND CHARGES (Cont'd)

B. RATE DETERMINATION. (Cont'd)

4. Directory Assistance Charge

Intrastate Directory Assistance Service involves the supplying of assistance in determining or attempting to determine the telephone number of a party.

Only the Directory Assistance charges are applicable as specified in Schedule Cal. P.U.C. No. 5.

C. USAGE SCHEDULE

The following rates apply to AT&T MEGACOM Service calls for all hours of the day and days of the week.

Rates	
<u>Initial 30 Seconds or Fraction</u>	<u>Each Additional 6 Seconds or Fraction</u>
\$ .075	\$ .015

Charges for total usage will be rounded to the nearest cent. (N)

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A9. CUSTOM NETWORK SERVICE

9.3 AT&T MEGACOM/MEGACOM 800 SERVICES (Cont'd)

(N)

9.3.5 MEGACOM 800 RATES AND CHARGES

A. GENERAL

AT&T MEGACOM 800 Service rates are usage-based. Usage Charges are billed in arrears and are determined based on a minimum average time requirement. Fractions of an hour will be rounded to the nearest one-tenth of an hour. Charges for total chargeable hours of usage will be determined and rounded to the nearest cent.

B. RATE DETERMINATION

Rate determination of the AT&T MEGACOM 800 rate schedule is as follows:

1. Minimum Average Time Requirement

The minimum average requirement for AT&T MEGACOM 800 Service is 30 seconds. This means that if the average duration per call during each billing period is less than 30 seconds, billing will be based on the actual number of calls using an average duration of 30 seconds per call.

(N)

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A9. CUSTOM NETWORK SERVICE

9.3. AT&T MEGACOM/MEGACOM 800 SERVICES (Cont'd)

(N)

9.3.5 MEGACOM 800 RATES AND CHARGES (Cont'd)

C. USAGE SCHEDULE

Rates  
Per Hour of Use

\$ 9.60

9.3.6 MEGACOM 800 SERVICE OPTIONS

A. BASIC SERVICE

Basic service consists of the entire state, all NPAs.

B. CUSTOMER SELECTED NPA

Customer selected NPAs allow a Customer to select specific NPA(s) from which calls to AT&T MEGACOM 800 Service will be allowed. For example, a Customer in Home NPA 415 may elect to receive calls from NPA 619 only. See this Company's Tariff F.C.C. No. 2, Section 6 for applicable charges.

The following NPAs are contained in California:  
209, 213, 408, 415, 619, 707, 714, 805, 818, 916.

(N)

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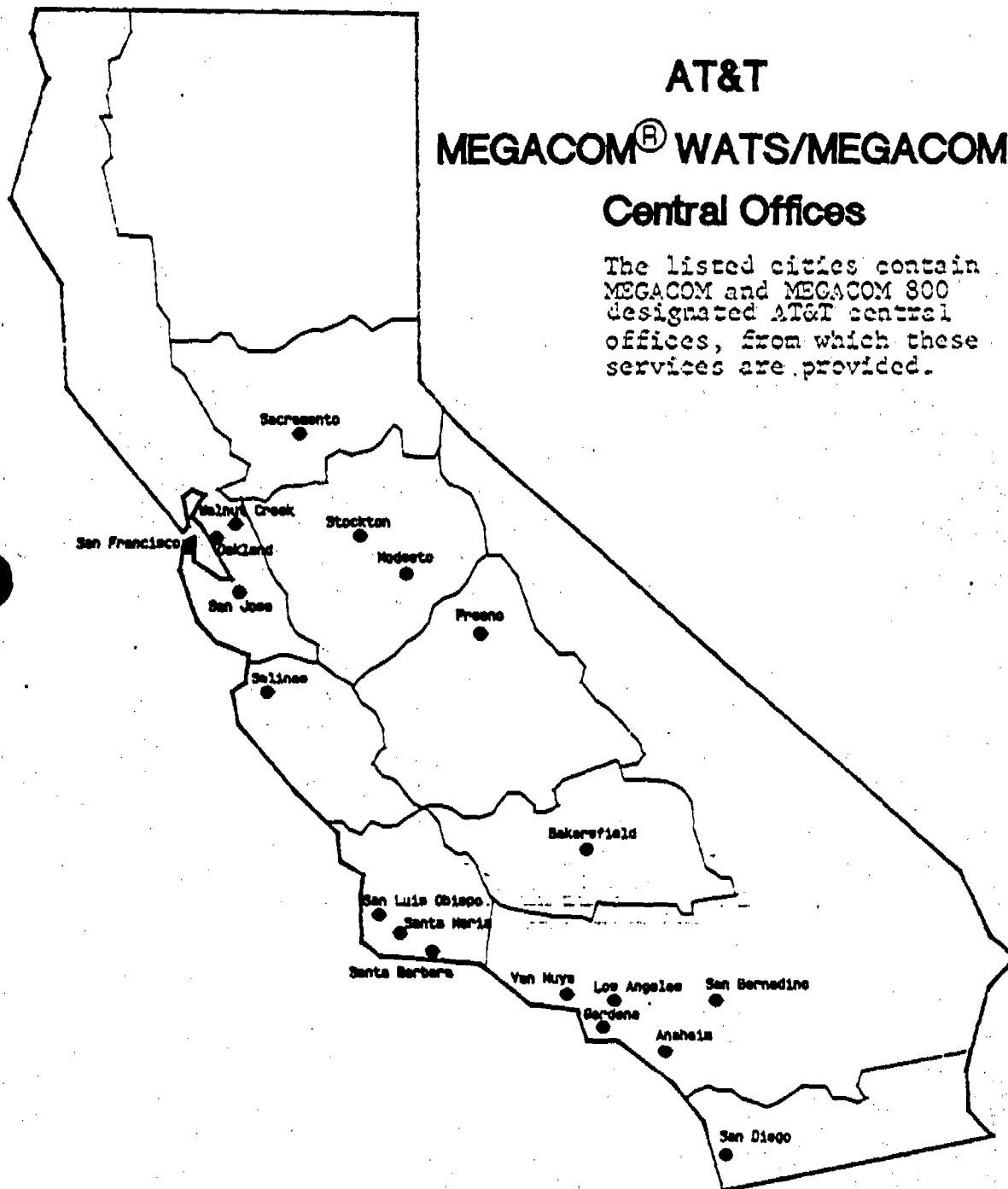
(END OF APPENDIX B)

APPENDIX C

**AT&T**  
**MEGACOM<sup>®</sup> WATS/MEGACOM 800**

**Central Offices**

The listed cities contain  
MEGACOM and MEGACOM 800  
designated AT&T central  
offices, from which these  
services are provided.



— Approximate LATA Boundaries

## Codes, and Vertical &amp; Horizontal Coordinates Detailing Locations of

AT&amp;T MEGACOM® WATS/MEGACOM 80C AVAILABILITY BY LATA/CENTRAL OFFICE

RATE CENTER NAMES	CLLI <sup>3/</sup> CODES	CLLI <sup>3/</sup> VGHs
LATA No. 722	LATA NAME: SAN FRANCISCO	
Oakland, CA	OKLDCA03	V-08486 H-08696
San Jose, CA	SNJSCA02	V-08583 H-08619
San Francisco, CA	SNFCCA01	V-08492 H-08719
	SNFCCA21	V-08493 H-08717
Walnut Creek, CA	WNCKCA50	V-08457 H-08663
LATA No. 726	LATA NAME: SACRAMENTO	
Sacramento, CA	SCRMCA01	V-08303 H-08581
LATA No. 728	LATA NAME: FRESNO	
Fresno, CA	FRSNCA01	V-08669 H-08239
LATA No. 730	LATA NAME: LOS ANGELES	
Anaheim, CA	ANHMCA01	V-09250 H-07810
Gardena, CA	GRDNCA02	V-09252 H-07879
Los Angeles	LSANCA02	V-09213 H-07878
	LSANCA07	V-09236 H-07899
San Bernadino, CA	SNBRCA01	V-09173 H-07709
Van Nuys, CA	SHOKCA02	V-09197 H-07919
LATA No. 732	LATA NAME: SAN DIEGO	
San Diego, CA	SNDGCA01	V-09468 H-07630
	SNDGCA02	V-09462 H-07632
LATA No. 734	LATA NAME: BAKERSFIELD	
Bakersfield, CA	BKFDCA01	V-08947 H-08059
LATA No. 736	LATA NAME: MONTEREY	
Salinas, CA	SLNSCA01	V-08723 H-08561
LATA No. 738	LATA NAME: STOCKTON	
Modesto, CA	MDSTCA02	V-08498 H-08473
Stockton, CA	SKTNCA01	V-08435 H-08531
LATA No. 740	LATA NAME: SAN LUIS OBISPO	
San Luis Obispo, CA	SNLOCA01	V-09005 H-08348
Santa Barbara, CA	SNBBCA01	V-09171 H-08150
Santa Maria, CA	SNTMCA01	V-09073 H-08298

3/ CLLI - Common Language Location Identification

(END OF APPENDIX C)

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APPENDIX D

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 establishing the precise location of rate centers, and 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 sum 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.

Since the proposed California intrastate rates for MEGACOM and MEGACOM 800 services are not mileage sensitive, the V&H coordinate system is only used to specify the exact location(s) to which a prospective customer must arrange access lines to obtain these services.

(END OF APPENDIX D)

3. AT&T-C should be required to make a monthly, compliance filing served on all interested parties on any incidental intralATA usage which may result through the current technology used to provide these services. Customer names associated with such incidental usage should be omitted to allow reasonable privacy of user identity.

4. AT&T-C should also be required to honor the balance of the 14 specific conditions it agreed to with interested parties at the October 18, 1988 prehearing conference, as a precondition for authorization of California intrastate interLATA MEGACOM and MEGACOM 800 services on an interim basis.

5. AT&T-C's MEGACOM and MEGACOM 800 services should be limited to the 19 initial central offices set forth in Appendix C 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 these services as well as a revised map noting the new service locations.

6. Because of the public interest in effective competition in California interstate interLATA services similar to MEGACOM and MEGACOM 800, and because AT&T-C's interstate customers have expressed an interest in purchasing these services from AT&T-C as soon as possible, this order should be made effective today.

7. This application should be granted on an interim basis to the extent set forth in the following order.

ORDER

IT IS ORDERED that:

1. AT&T Communications of California (AT&T-C) is granted a certificate of public convenience and necessity, pursuant to PU Code § 1005, to provide intrastate interLATA MEGACOM and MEGACOM

800 services on an interim basis within the State of California, subject to the following conditions:

- a. That the "uniform" surcredit authorized by Commission Decision 88-06-036 for AT&T-C's switched services does not apply to the MEGACOM/MEGACOM 800 services which were not in existence on July 1 when the surcredit was ordered;
- b. That this application is granted on an interim basis only, and that it is not intended to serve as the "first case" for AT&T-C regulatory flexibility; and,
- c. That there will be procedural opportunities outside this proceeding to raise any issues regarding approval of this application on a permanent basis.
- d. The application is consolidated with Investigation No. 87-11-033 for final resolution of the intraLATA issue.
- e. The conditions in this decision are interim only and are without prejudice to any person making any argument in the Phase III (I.87-11-033) proceeding, or any other appropriate proceeding, concerning the issue of compensation or the extent to which the ban on intraLATA competition should continue for this proposed service or for any other AT&T-C service.
- f. AT&T-C will be required to pay compensation to local exchange carriers for their loss in revenues.
- g. Compensation in the amount of \$.0386 will be paid by AT&T-C during the interim period for each intraLATA minute provided by AT&T-C with its MEGACOM OR MEGACOM 800 service. AT&T-C will: record such minutes, provide monthly reports of such usage, and make monthly payments. Local exchange carriers will be provided reasonable access to audit both the recording and AT&T-C's reporting of use.

- h. This compensation is interim pending a decision by the Commission in the Phase III (I.87-11-033) proceedings. No retroactive adjustments to the payments made during the interim period shall occur unless agreed to by both parties or ordered by the Commission.
- i. This proposal is put forward to deal only with incidental intraLATA traffic. Therefore, as stated in its application, AT&T-C will be ordered not to hold MEGACOM or MEGACOM 800 out as intraLATA offerings in either its tariffs or its advertising.
- j. AT&T-C will amend its application to make it clear that it will provide local exchange carriers with a Percent Interstate Usage factor to permit it to bill AT&T-C intrastate access charges for the California intrastate usage of MEGACOM and MEGACOM 800.
- k. The rates proposed by AT&T-C for MEGACOM and MEGACOM 800, will be interim and will be reexamined in light of the costing and pricing methodology adopted by the Commission in AT&T-C's pending application A.88-08-051 for its proposed PRO California service, and
- l. The PRO Cal application should not be the test application for costing methodologies for new services, but should be used to test the appropriate costs MEGACOM and MEGACOM 800 and PRO California services only. (See Ordering Paragraph 11. for possible modification to this condition).
- m. The interim rates for California intrastate interLATA MEGACOM and MEGACOM 800 services will not be subject to any further modification due to the pending rehearing of the issues of refunds in A.85-11-029, for example, if the Commission should choose to refund those monies based on prior usage, it would have no effect on MEGACOM and MEGACOM 800 rates, and



- n. AT&T-C be directed to work with Pacific and the other local exchange companies to perfect the opportunity for them to recover their costs of any incidental intraLATA usage on MEGACOM and MEGACOM 800 services (with a similar offering to that affording the 3.86¢ per minute of intraLATA use to Pacific Bell).

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 MEGACOM and MEGACOM 800 services 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 (1/2%) to cover the funding of the Disabled Equipment Acquisition Fund (DEAF) Trust for service rendered, pursuant to this Commission's Resolution No. T-13005 and PU Code § 2881, and will also be subject to the four percent (4%) Universal Lifeline Telephone Surcharge (ULTS) as set forth in D.87-10-088 issued October 28, 1987.

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 the 19 central offices from which these services are rendered together with the approximate LATA boundaries for the State of California and a listing of the respective V and H coordinates for these central offices, similar to the information contained in Appendix C to this order.

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