

Decision 89 02 023 FEB 8 1989**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Expedited)	
Application of Pacific Bell)	
(U 1001 C), a corporation, for)	
authority to restructure and reprice)	(EAD)
certain high speed digital service)	Application 88-10-012
rates, and to implement an)	(Filed October 5, 1988)
off-setting surcharge for intraLATA)	
services.)	

(See Appendix A for appearances.)

OPINIONSummary

This decision directs Pacific Bell (Pacific) to file an Advice Letter together with appropriate tariff revisions, as set forth in Appendix B hereto, to become effective on February 15, 1989 which will:

1. Restructure and reprice its intraLATA high speed (1.544 mbps) digital private line service by unbundling and deaveraging its existing rates into separate rates for the end user to Pacific's Central Office (CO) link and separately, a link from Pacific's CO to the other end of the users circuit, or, alternatively, from that same CO to the point of presence (POP) for connection to an interexchange carrier (IEC) who may provide the same type of service to the other end of the users circuit, and
2. Implement a surcharge for Pacific's access and intraLATA services to offset the lower revenue associated with any rate reductions resulting from the newly revised rates for its intraLATA high speed (1.544 mbps) digital private line service.

Background

Decision (D.) 88-09-059 dated September 28, 1988, directed Pacific and other local exchange carriers (LEC) to file applications under the expedited application docket (EAD) procedure to restructure certain of their intraLATA high speed digital private line service rates and to request authority to implement an off-setting surcharge, according to provisions set forth in Appendix A to that order.

On October 5, 1988, Pacific filed Application (A.) 88-10-012 under the EAD procedure in compliance with D.88-09-059. In this application, Pacific has proposed unbundling and deaveraging of its existing rates for intraLATA high speed, 1.544 mbps digital private line service¹ in compliance with the part of pages 8 through 10 of Appendix A of D.88-09-059 which states:

"IV. Private Line Services

"A. High Speed Digital Private Line Services

"2. Unbundling and Deaveraging of Tariffed Rates

"Pacific and GTEC California Incorporated (GTEC) shall each propose to make the changes in this section in an application to be filed by October 5, 1988 in an expedited application docket as provided in Section I.D. Other LECs

1 For purposes of this document, digital private line services at 1.544 megabits per second (mbps) or above are considered to be "high speed digital private line" service. As used herein, "intraLATA high speed digital private line" service is defined as the dedicated connection of two or more end user premises within a LATA for the purpose of providing intraLATA high speed digital non-switched services. Carriers may provide multiplexing service for voice and/or data at the end user's premises such that the transmission speed from or to the end user's premises is at 1.544 mbps or above. Also note that Pacific refers to this service as "High Capacity Digital Service" in its tariff schedules.

with high speed digital tariff schedules shall file comparable applications, but do not have to meet the October 5, 1988 filing date.

"Each LEC shall propose that its high speed digital service tariff schedules (intralATA private line and special access tariff schedules) be restructured to contain an element consisting of the line and end points of high speed digital service from the end user's premises to the LEC central office serving the end user (the end user-to-CO link). This element will be priced at the same rate, whether provided by the LEC to an end user as part of the LEC's end-to-end intralATA service or whether provided by the LEC to a competitor as part of the access service connecting the competitor's network to the competitor's customer.

"The LEC shall also propose a second distinct element in the special access tariff for high speed digital services which will consist of the connection from an interexchange carrier's or competitor's point of presence (POP) to the LEC's central office serving the POP (the CO-to-POP link) for intralATA purposes; the rate for this element will be adjusted so that the rates for such connections will be set at fully allocated or direct embedded cost. The cost methodology will be consistent with the cost methodology utilized for determining the costs of other elements of the same service.

"The LEC may propose a surcharge to offset the lower revenue associated with rate reductions for the end user-to-CO link and the CO-to-POP link. The surcharge will apply to LEC services according to the then-applicable tariff schedule for billing surcharges pursuant to Pacific's Rule 33 or comparable tariff schedules for other LECs.

"Except for the CO-to-POP link, the LEC may, at its discretion, propose to deaverage tariffed rates and charges for high speed digital private line services. If the LEC deaverages high speed digital private line services, it must also deaverage the corresponding element in the same manner and simultaneously in the

high speed digital special access tariff schedule for intraLATA purposes. The LEC's deaveraging proposal may not result in rate increases of more than 20 percent for any single service element within a tariff schedule.

"The LEC may also propose changes in its high speed digital special access tariff schedule for interLATA purposes to make the interLATA and intraLATA special access tariffs consistent."

"3. Pricing Flexibility

"Other than the end user-to-CO link, the LECs are permitted pricing flexibility for high speed digital private line services. Pricing flexibility is not authorized for any special access services provided by the LECs. An LEC's proposal for pricing flexibility, if it desires such flexibility, shall be included in its application which it must file in an expedited application docket to propose restructuring and (at its discretion) deaveraging of high speed digital services as provided in Section IV.A.2.

"A tariffed level of each rate or charge shall be maintained. An LEC may request public and/or nonpublic floors for private line high speed digital private line service elements other than the end user-to-CO link.

"The LEC may not negotiate customer-specific rates for high speed digital services, except under the special contract guidelines in Section V. This document does not affect existing procedures established for SSEs, ICBs, and SSAs established by existing tariffs."

Workshop Analysis and
Comments on Application

Pacific filed this application on October 5, 1988, and a timely workshop was convened by the assigned ALJ on November 3, 1988. Counsel for Pacific and representatives of 21 other parties

entered appearances on behalf of one or more entities at the workshop.

At the November 3, 1988 workshop, Pacific introduced four of its experts on the subject of High Speed Digital Private Line Services to explain its proposed tariff revisions in this application. A number of parties and the ALJ questioned various elements of the tariff proposal and studied Pacific's reply to the comments and protests, which was presented as Workshop Exhibit A in this proceeding. Thereafter, the parties concluded that Pacific's then-proposed tariff revisions did not fully comply with the letter, spirit, and/or intent of the modified settlement agreement entered into by certain parties and adopted by the Commission in D.88-09-059.

Pacific then offered to further revise its proposed tariff schedules for this proceeding and forward copies of the revised proposals to all appearances by November 11, 1988, for their review prior to a second workshop set for November 18, 1988.

As agreed, Pacific forwarded its revised tariff proposal to all interested parties on November 11, 1988. Then, at the second workshop on November 18, 1988, counsel for Pacific announced that it believed it had satisfied the concerns and/or protests of eight of the interested parties to this proceeding, however, other parties still had outstanding concerns.

Ms. Phyllis Whitten, at the close of the second workshop, characterized the view of US Sprint, MCI Telecommunications Corporation and AT&T Communications of California as follows:

"Our nonopposition should not be construed as agreement. And we have stated and, indeed, discussed and put in writing with Pacific that the basis of our nonopposition is that this application is intended to be something that's interim in nature, that's nonprecedential, that we'll have an opportunity -- a further opportunity to litigate in Phase 3 in the supplemental rate design.

"We had originally protested the application based on the interoffice mileage charges, the increases, the changes in the transport rates. We weren't happy with that. On balance, as MCI stated, there are some rate reductions, and that leads to our nonopposition -- to US Sprint's nonopposition to this filing.

"When your Honor stated earlier are the parties satisfied with the cost study, I don't think we in good conscience can say that we're satisfied. We're saying that we're not opposing this on an interim basis so that at some further time we may have the opportunity to look at what those costs are and what the assumptions are and what the methodology is in the spirit of not holding up an expedited application docket.

"And that's the basis of our nonopposition, that at some future point we will have the opportunity to look at those issues." (Tr. pp. 211 and 212.)

The second workshop was continued to a third workshop, later set for January 5, 1989 to hear from the general public on any concerns regarding the proposed offsetting surcharge, and to reach closure on the remaining concerns over the support for and the level of the surcharge, the extent to which any increased rate could be permitted under the EAD process and Bay Area Teleport's (BAT) continued concern that Pacific's proposed floor mileage rate of \$17.00/mile per month for interoffice channel circuits, was priced below cost. Following the November 18, workshop, on November 23, 1988, the ALJ issued a ruling confirming the date and time for the third workshop on January 5, 1989 and setting December 12, 1988 as the date for Pacific to submit its final draft advice letter and associated tariff sheets to all appearances. The ALJ ruling also set December 16, 1988 as the deadline for interested parties to communicate their remaining concerns to Pacific and the assigned ALJ.

On December 16, 1988, Teleport Communications of San Francisco, Inc. (TCSF) wrote to the ALJ regarding its disagreement with Pacific over Pacific's proposed requirement that an interoffice facility provided to a customer by any other authorized interLATA carrier cannot be interconnected with a loop provided by Pacific. Instead, Pacific proposes that the competing carrier be required to also purchase an interoffice facility from Pacific in order to connect to the loop.

On that same date, DRA renewed its concerns and requested that hearings be held relative to the validity of the assumptions used by Pacific in calculating its surcharge, and its objection to Pacific's increases in the fixed and variable mileage components of its 175-T tariff schedule.

Contemporaneously, the California Bankers Clearing House Association and Tele-Communications Association reiterated its strong support for what they termed as much needed changes in Pacific's high speed private line service rates.

In addition, BAT on December 16, 1988 renewed its protest over Pacific's proposed \$17.00/mile per month floor rate for an intraLATA high speed interoffice channel, on the basis that the rate was priced below Pacific's cost, and thus anticompetitive.

By a separate motion, BAT requested that the Commission compel Pacific to furnish to BAT certain data concerning cross-elasticity of demand, migration coefficients, and estimates of service quantities before and after its proposed rate changes which Pacific had refused to provide to BAT in support of its proposed surcharge.

Upon review of the remaining protests and concerns, and in an effort to mitigate the need for evidentiary hearings and still maintain the integrity of the EAD process, the assigned Commissioner on December 21, 1988 issued a ruling that "Pacific Bell must, prior to or at the January 5, 1989 workshop:

- "1. Justify any and all increases in rates, charges, or more restrictive classifications, practices, or rules, with reference to the 'Adopted Modified Phase I Settlement.'
- "2. Justify why competing carriers must purchase interoffice facilities as monopoly links to serve their customers and if so, why these links are priced differently than the same service provided for the competitive segment of the offering.
- "3. Justify the current derivation of the surcharge, explaining fully its underlying assumptions, and providing supporting data therefor.
- "4. Seek to provide additional information necessary to satisfy BAT that Pacific's 'published floor' rate of \$17.00/mile is priced above embedded cost.

"As an alternative, Pacific may offer to revise its proposal to eliminate the restrictive provisions and rate revisions which continue to be controversial in this application."

At the third workshop on January 5, 1989, the ALJ announced that one purpose of that workshop was to inform members of the general public of the surcharge that may be applicable to other services in the event that Pacific's proposed High Speed Digital Private Line tariff revisions are approved. However, prior to directing Pacific to present this information, the ALJ ascertained that no members of the general public were in attendance; therefore, he did not direct Pacific to address the nature and impact of the surcharge at the workshop. Instead, he requested that Pacific include a one-page attachment to its final draft of the proposed Advice Letter detailing the impact of the 1989 and 1990 surcharges on typical monthly customer bills of \$10, \$25, \$50, and \$100..

In reference to the need for justification of all increases in rates and charges, or more restrictive tariffs,

Pacific explained that there were no overall increases for any customer with service over circuits 45 miles or less in length. Pacific then noted that it had only one customer (AT&T Communications of California) who had one long (107 mile) circuit. That customer would ordinarily have an increase under Pacific's new tariff proposal due to the higher channel mileage charges which apply between serving wire centers. Pacific explained that it was prepared to apply a credit each month to AT&T-C's future bills for this circuit, to reduce them to the existing level of billing, after the new rates are made effective. This would in effect grandfather this one long circuit at existing rates.

After some discussion, Pacific agreed to accord similar treatment to any existing or new customer who requests service via circuits longer than 45 miles. With this change, Pacific assured the interested parties that no existing or new customer would experience any rate increase or any higher charge under the proposed tariff revisions.

Pacific's assurances were favorably received by numerous parties, including API Alarm Systems and DRA who had earlier argued that the EAD procedure should not be used for processing requests for rate increases due to the lack of sworn testimony to support a showing for the need and reasonableness of the requested increase.

On the issue of the need for competing carriers to purchase interoffice facilities as monopoly links to serve their customers, Pacific agreed to enter into good faith discussions with TCSF to seek a solution suitable to both parties. Pacific and TCSF then agreed to have their understanding memorialized in this order.

Pacific and BAT also devoted considerable time, during a recess in the workshop, in an attempt to resolve BAT's concerns that the floor rate of \$17.00/month per mile for interoffice channels was set below Pacific's embedded cost. To reach a compromise on this issue, Pacific announced that it would raise the floor (minimum) rate to \$18.00/month per mile, would not attempt to

lower its flexible pricing below that level for at least one year, and would file a formal application if it sought authority to lower the rate after that time.

This compromise was accepted by BAT's counsel who then withdrew BAT's protest and "Motion to Compel" Pacific to answer BAT's data request. In accepting this compromise, BAT's counsel argued that Pacific has repeatedly and unfairly mischaracterized BAT's position and intentions especially regarding BAT's insistence to verify the surcharge. BAT asserted that Pacific subsequently reduced the surcharge on three occasions, downward from \$13.9 million to about \$5.8 million.

The point raised by BAT was that the EAD process is inherently unstable and ill-suited for ratemaking, yielding little time to verify data for the \$18.00/month per mile floor rate or the surcharge. BAT then argued that there is no compelling need to set a surcharge for 1990 in this proceeding, if the Commission considers a supplemental rate design for Pacific this year.

Finally, BAT urged that the regulatory process not be relaxed to the point where numbers cannot be properly analyzed or verified.

With all other outstanding issues resolved, attention at the workshop focused on the surcharge for offsetting the revenue reductions resulting from the proposed tariff revisions. Regarding this issue, DRA and Pacific were nearing agreement but had not yet settled on a precise dollar amount or percentage increment. However, Pacific and DRA pledged to work to reach consensus by January 9, 1989 or accept an alternative calculation to be made by the ALJ. DRA and Pacific did reach agreement on January 9, 1989, but ultimately needed two additional days to correct all data and supporting text materials, and to determine the effect of any settlement revenue on GTE California Incorporated (GTEC) for 1989.

The promised draft advice letter and associated tariff sheets and other statements necessary to resolve all outstanding

issues were forwarded to the ALJ by Pacific and DRA on January 11, 1989. Included in that material were Tables A and B detailing the estimated settlement revenue effects on the independent telephone companies due to changes in Pacific's Tariff Schedules B-9 and 175-T. Copies of Tables A and B are contained in Appendix C hereto.²

DRA has also provided text for two suggested ordering paragraphs to allow advice letter filings by the independent local exchange telephone companies to implement a bill and keep surcharge(s) for losses of revenue resulting from this order both for 1989 and 1990.

Discussion

Through this EAD application, Pacific has proposed changes to its intraLATA high speed 1.544 mbps digital private line service which will help introduce some competition over portions of circuits serving end users.

The EAD workshop process was designated for this particular filing by D.88-09-059 to assure all interested parties that the revised tariffs as proposed by Pacific fully complied with the terms and conditions of the "Adopted Modified Phase I Settlement" as set forth in Appendix A to D.88-09-059. Even though a number of issues were not fully laid to rest in the Adopted Modified Phase I Settlement of D.88-09-059³ and three workshops were necessary to reach a consensus regarding these issues, the EAD

2 GTEC is omitted from Table A for 1989, because the effects of any settlement revenue on GTEC for 1989 are to be included in the agreed upon surcharges to be authorized in (EAD) A.88-10-017 for GTEC.

3 Exact rates, charges and resulting surcharges, and well defined points of connection to competitive carriers were not specific in D.88-09-059.

process, in the end, did provide a workable conclusion to this proceeding.

While we sympathize with BAT's concerns that it is difficult to develop well tested cost data through the EAD process, we also recognize, given the diverse positions of the many parties, that evidentiary hearings could easily have required many months. In contrast, the EAD process, even with the limitations and concerns noted, allows the long awaited competition in intraLATA high speed 1.544 mbps private line service to begin now.

We are satisfied that the workshop process, in the end, worked reasonably well to respond to the many concerns raised by the interested parties; it provided a forum for Pacific to respond to these concerns, through the changes and compromises contained in its final draft advice letter and associated tariff sheets submitted on January 11, 1989.

We will authorize Pacific to file an advice letter and associated tariff sheets identical to the January 11, 1989 drafts set forth in Appendix B.

We are also adopting on a bill and keep basis the increment of 0.066% to be added to Pacific's currently authorized surcharges set forth in its Rule 33 to offset \$5.4 million in customer billing reductions which DRA and Pacific agree Pacific will experience in 1989, as a result of this order. In addition, by our decision issued today on GTEC's A.88-10-017, which authorizes Pacific to include in its advice letter an incremental bill and keep surcharge of 0.008% to recover the 1989 settlement revenue loss from GTEC's A.88-10-017, the approximate total incremental increase in billing surcharge is 0.075% (rounded).

The resulting increase for a Pacific customer with an average monthly bill of \$23.66 would be 2c. Further examples of the effect of this incremental surcharge on other levels of monthly bills are contained on the last page of Appendix B.

In response to those customers who wrote to express their concerns, and question the surcharge procedure authorized by D.88-09-059, we believe that the 2¢ increase in the average \$23.66 bill adopted here should be contrasted with other recently adopted surcredits of \$3.74 representing about 15% of the prior average monthly bill of \$27.40, and which will reduce that prior average bill to \$23.66. Even though the 15% surcredit will drop to about a 5% surcredit on May 1, 1989, that surcredit remains substantially larger than the minor increase being addressed herein.

The 1989 settlement revenue loss for GTEC is \$0.472 million. We will authorize GTEC to recover this amount by an incremental bill and keep surcharge of 0.02% on its intrastate services, to be included in its advice letter filing required by our decision on GTEC's A.88-10-017.

We will also include in this decision, two ordering paragraphs suggested by DRA which will allow the independent telephone companies listed in Tables A and B of Appendix C to file advice letters for 1989 and 1990 respectively, to implement bill and keep surcharges to reflect the settlement revenue losses from this decision on Pacific as set forth in that appendix.

In response to the agreement regarding interconnection reached by Pacific and TCSF, we will adopt their jointly proposed finding submitted by Pacific to the ALJ on January 9, 1989 as follows:

"Pacific Bell ("Pacific") and Teleport Communications Inc., of S.F. ("TCSF") have agreed to enter into discussions with the stated purpose of endeavoring, in good faith, to see if a solution suitable to both TCSF and Pacific may be reached regarding the interconnection collocation issue as is outlined in TCSF's December 16, 1988 letter to ALJ Amaroli and as commented upon by both Pacific and TCSF at the January 5, 1989 Public Witness Workshop held in this matter. Pacific and TCSF also have agreed that the fact that Pacific's advice letter and revised 175-T tariff could become effective prior to TCSF and

Pacific being able to reach agreement on the interconnection-collocation issue should not be construed as establishing any precedent which prejudices in any way, either Pacific's or TCSF's ability to raise this issue in any subsequent, appropriate Commission proceeding."

Finally, we will make this order effective today as we will for GTEC and various other carriers who have filed timely applications, in keeping with our goal to take action on all conforming requests simultaneously. To that end, we will also coordinate the effectiveness of Pacific's tariff schedules in Appendix B hereto to become effective on February 15, 1989.

Findings of Fact

1. Pacific filed an application under the EAD process seeking approval of proposed tariff revisions to restructure and reprice its intraLATA high speed 1.544 mbps digital private line service by unbundling and deaveraging its existing rates into separate rates for the end user to Pacific's CO link and separately, a link from Pacific's CO to the other end of the user's circuit or, alternatively from that same CO to the POP for connection to an IEC who may then provide the same type of service to complete the circuit of the end user. The proposed tariff revisions also seek to implement a uniform surcharge to Pacific's other intraLATA services to offset the lower revenue associated with any rate reductions from the newly revised rates for its intraLATA high speed 1.544 mbps digital private line service.

2. At three workshops held on November 3, November 18, 1988 and January 5, 1989, the interested parties were afforded the opportunity to ask questions and raise issues concerning Pacific's proposed tariff revisions to be certain that the revisions were in full conformance with the "Adopted Modified Phase I Settlement" as set forth in Appendix A of D.88-09-059.

3. Throughout the workshop process, Pacific accepted the many comments and numerous protests presented by interested parties

and made the necessary changes to its proposed tariff revisions to accommodate these concerns and/or mitigate or defuse the protests. In instances where the parties were not in total agreement, compromises were reached through the workshop process which allowed withdrawal of all remaining protests by the end of the January 5, 1989 workshop.

4. To resolve an interconnection issue, Pacific and TCSF have agreed to enter into good faith discussions to see if a solution suitable to both TCSF and Pacific may be reached regarding the interconnection collocation issue outlined in TCSF's December 16, 1988 letter to the ALJ, and discussed by Pacific and TCSF at the January 5, 1989 Public Witness Workshop. Thereby, Pacific and TCSF have agreed that the fact that Pacific's advice letter and revised 175-T tariff could become effective prior to TCSF and Pacific being able to reach agreement on the interconnection-collocation issue should not be construed as establishing any precedent which prejudices in any way, either Pacific's or TCSF's ability to raise this issue in any subsequent Commission proceeding.

5. The final draft version of Pacific's advice letter and associated tariff revisions, set forth in Appendix B to this order, will not increase any rate or charge or otherwise become more restrictive for any existing or future customer to Pacific's intraLATA high speed 1.544 mbps digital service. These tariff revisions will, however, include a 0.066% incremental increase to be added to Pacific's currently authorized surcharges.

6. The 0.066% incremental surcharge adopted herein will result in a revenue increase in Pacific's intrastate billed revenue to offset customer billing reductions which Pacific will experience in 1989, as a direct result of the changes being authorized by this order.

7. Our decision today on GTEC's A.88-10-017 authorizes Pacific to include in its advice letter filing an incremental bill

and keep surcharge of 0.008% to recover the settlement revenue loss from GTEC's A.88-10-017. The total incremental increase in billing surcharge is 0.075% (rounded).

8. It is reasonable to allow the independent telephone companies listed in Tables A and B of Appendix C, hereto, to file advice letters for implementing bill-and-keep surcharges to reflect settlement revenue losses resulting from this order on Pacific in 1989 and 1990.

9. It is reasonable for GTEC to implement an incremental bill and keep surcharge to reflect 1989 settlement revenue losses, resulting from this order on Pacific, which GTEC should include in its advice letter to be filed pursuant to our decision on GTEC's A.88-10-017.

10. In D.88-09-059, we concluded that competition to provide intraLATA high speed digital private line services as provided in the adopted modified settlement in Phase I of I.87-11-033 is in the public interest and should be authorized. The proposed tariff revisions set forth in Appendix B to this order when implemented will allow such competition to begin.

11. In D.88-09-059, we concluded that it is reasonable to coordinate the effectiveness of any authorization granted to interexchange carriers to provide intraLATA high speed digital private line services with the effectiveness of local exchange carrier pricing flexibility for such services. Requiring the tariff revisions set forth in Appendix B to this order to become effective on the same date as that for granting authorization of pending applications of interexchange carriers will help achieve that result.

12. Pacific has reached an agreement with BAT on a minimum rate (floor) for its variable mileage rate for interoffice channels of \$18.00/month per mile. In reaching this agreement, Pacific has also pledged that it will not attempt to lower that minimum rate

for one year. Thereafter, if Pacific seeks to lower that rate, it would do so only by formal application.

13. The workshop activities in this proceeding were concluded by January 11, 1989 upon receipt by the assigned ALJ of Pacific's final proposed advice letter and associated tariff sheets set forth in Appendix B, and Tables A and B set forth in Appendix C and two suggested ordering paragraphs from DRA.

Conclusions of Law

1. Pacific's January 11, 1989 final draft advice letter and proposed tariff revisions to restructure its intraLATA high speed 1.544 mbps digital private line service including a 0.066% incremental surcharge as contained in Appendix B hereto, as previously discussed, is reasonable and necessary to allow competition to begin in the offering of this intraLATA service, and therefore should be approved.

2. Since competition in the offering of intraLATA high speed 1.544 mbps digital service cannot begin without contemporaneous implementation of the tariff revisions set forth in Conclusion of Law 1 above, we should require rather than merely authorize Pacific to file such tariff revisions.

3. The fact that Pacific's advice letter and associated revisions to its Tariff Schedule 175-T, as set forth in Appendix B hereto, will be adopted should not be construed as establishing any precedent which prejudices any party from raising the interconnection-collocation issue in an appropriate proceeding before this Commission in the future.

4. In order to require Pacific to make these services available on February 15, 1989, this order should be made effective today.

ORDER

IT IS ORDERED that:

1. Pacific Bell is hereby directed to file an advice letter and associated tariff sheets identical to Appendix B to this order (except that Tariff Sheets 135, 135.1, and 135.2 of SCHEDULE CAL. P.U.C. No. A2. shall also incorporate any surcharge revisions authorized prior to the effective date of this order) to:

- a. Restructure and reprice its intraLATA high speed (1.544 mbps) digital private line service by unbundling and deaveraging its existing rates into separate rates for the end user to Pacific's Central Office (CO) link and separately, a link from Pacific's CO to the other end of the users circuit, or, alternatively, from that same CO to the point of presence (POP) for connection to an interexchange carrier (IEC) who may provide the same type of service to the other end of the users circuit, and
- b. Implement a 0.075% bill and keep surcharge increment to be added to Pacific's Rule 33 billing surcharges to offset the lower revenue associated with any rate reductions resulting from the newly revised rates for its intraLATA high speed (1.544 mbps) digital private line service being adopted herein, and as required for compliance with D.88-09-059, dated September 28, 1988 and to recover the settlement effects arising from GTE California Incorporated, A.88-10-017.

2. The advice letter and associated tariff sheets described in Ordering Paragraph 1, above, shall be filed in compliance with the provisions of General Order 96-A after the effective date of this order. The revised schedules shall apply only to services rendered on and after their effective date which shall be at least five days after filing, but not earlier or later than February 15, 1989.

3. Pacific's intraLATA high speed 1.544 mbps digital private line service is a utility service and is subject to the user fee as a percentage of gross intrastate revenue under PU Code § 431 through 435.

4. GTE California Incorporated is authorized to include in its comparable advice letter filing, pursuant to our decision for its A-88-10-017,, also being issued today, an incremental bill and keep surcharge of 0.02% on intrastate access, intraLATA toll and exchange services to offset the 1989 lost settlement revenue of \$0.472 million resulting from this order.

5. Those telephone companies listed in Table A of Appendix C to this order for which a negative settlement revenue effect is shown, are hereby authorized to file an advice letter to adjust the tariff schedule(s) to implement a bill and keep surcharge(s) for Calendar Year 1989, to reflect the net settlement revenue losses of today's decision on Pacific as shown in Table A of this order. The bill and keep surcharge(s) shall be based on the estimated 1989 customer billing bases for intrastate access, intraLATA toll and exchange services. The advice letter filing with revised tariff schedules shall conform with the provisions of GO 96-A. The telephone companies listed in Table A of this order shall not recover from the intrastate High Cost Fund the settlement revenue losses shown in Table A. Local exchange companies listed in Table A shall notify affected customers by bill insert in the first bill to which the revised customer billing surcharge applies. This tariff revision shall become effective 5 days after filing and shall apply to services rendered on and after the effective date of the tariff revisions.

6. Those telephone companies listed in Table B of Appendix C of this order for which a negative settlement revenue effect is shown, are hereby authorized to file an advice letter to adjust the tariff schedule(s) to implement a bill and keep surcharge(s) for Calendar Year 1990,, to reflect the net settlement revenue losses of

today's decision on Pacific as shown in Table B of this order. The bill and keep surcharge(s) shall be based on the estimated 1990 customer billing bases for intrastate access, intraLATA toll and exchange services. The advice letter filing with revised tariff schedules shall conform with the provisions of GO 96-A. The telephone companies listed in Table B of this order shall not recover from the intrastate High Cost Fund the settlement revenue losses shown in Table B. Local exchange companies listed in Table B shall notify affected customers by bill insert in the first bill to which the revised customer billing surcharge applies. Such filings shall be made on or before November 21, 1989 and shall become effective on January 1, 1990.

7. The Executive Director shall cause a copy of this order to be mailed to the manager of regulatory affairs (or equivalent representative) of each local exchange telephone company listed in Table B of Appendix C.

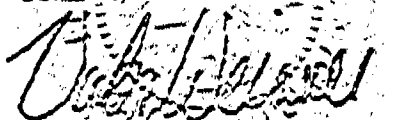
8. This proceeding is closed.

This order is effective today.

Dated FEB 8 1989, at San Francisco, California.

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

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


Victor Weisler, Executive Director

APPENDIX A

List of Appearances

Applicant: Ronald R. McClain, Attorney at Law, and Nancy E. Lubamersky, for Pacific Bell.

Protestants: Blumenfeld, Cohen & Waitzkin, by Jeffrey Blumenfeld, Attorney at Law, for Centex Telemanagement, Inc.; Graham & James, by Martin A. Mattes, Attorney at Law, for California Cable Television Association and Centex Telemanagement, Inc.; Law Offices of Earl Nicholas Selby, by Earl Nicholas Selby, Attorney at Law, for Bay Area Teleport; and Phyllis Whitten, Attorney at Law, for US Sprint Communications Company.

Interested Parties: Mark Barmore, Attorney at Law, for Toward Utility Rate Normalization (TURN); Davis, Young & Mendelson, by Jeffrey F. Beck, Attorney at Law, for Various Independent Local Exchange Companies; Scott Bonney, for Teleport Communications - San Francisco; Jackson, Tufts, Cole & Black, by William H. Booth, Attorney at Law, for California Bankers Clearing House Association and Tele-Communications Association; Douglas Bradbury, for Kiewit Communications; Peter Casciato, Attorney at Law, for Cable & Wireless Communications, Inc.; Randolph Deutsch, Attorney at Law, for AT&T Communications of California, Inc.; Gauthier & Hallett, by Mary Lynn Gauthier, for Gauthier & Hallett; Janice F. Hill, Attorney at Law, and Michael Morris, for California Cable Television Association; William G. Irving, for the County of Los Angeles; Kilpatrick, Johnston & Adler, by Robert G. Johnston, Attorney at Law, for Wang Communications, Inc.; James L. Lewis, Attorney at Law, for MCI Telecommunications Corporation; Armour, St. John, Wilcox, Goodin & Schlotz, by Thomas J. MacBride, Jr., and John L. Clark, Attorneys at Law, for Access Net, Inc., and Access Net of San Francisco, Inc.; Jerry O'Brien and Diane Martinez, for API Alarm Systems; Richard E. Potter and Kenneth K. Okel, Attorneys at Law, for GTE California, Incorporated and Messrs. Morrison & Foerster, by James M. Tobin, Attorney at Law, for Teleport Communications-San Francisco, Inc.

Division of Ratepayer Advocates: Cindi Rosse and James Scarff, Attorneys at Law, and Jason Zeller and Robert Berry.

Commission Advisory and Compliance Division: Kevin P. Coughlan.

(END OF APPENDIX A)

1/11/89

DRAFT

U 1001 C

Advice Letter No. _____

Public Utilities Commission of the State of California

This filing reflects changes in the attached tariff schedule sheets. This material consists of tariff schedule sheets as indicated on the sheet designated "List of Effective Sheets" shown below:

SCHEDULE CAL.P.U.C. NO. A2

__th Revised Sheet 1

SCHEDULE CAL.P.U.C. NO. B9

__th Revised Sheet 1

SCHEDULE CAL.P.U.C. NO. 175-T

__th Revised Sheet 1

This filing is in compliance with Ordering Paragraph __ of Decision No. _____, dated _____, which states:

"_____

_____."

Pacific Bell is requesting an increase of .075% (rounded) to the present billing surcharge. This change in surcharge is a result of

- a \$5.4M revenue reduction due to lowering High Capacity channel termination rates which is approximately .066%, and
- a \$.583M settlement impact on Pacific Bell due to GTE California Incorporated's Application No. 88-10-017 which is approximately .008%.

As stated in Pacific's workshop held January 5, 1989, Pacific Bell will not attempt to lower the published floor of the variable mileage transport element in SCHEDULE CAL.P.U.C. NO. B9 for one year, and after one year if Pacific Bell chooses to lower the published floor, it will only do so by formal proceeding, rather than by the Expedited Application Docket process.

Since all parties have come to mutual agreements on all issues in this proceeding, no further outstanding information will be provided to any party.

In compliance with Section III. G. of General Order No. 96-A, we are mailing a copy of this advice letter and related tariff sheets to competing and adjacent Utilities and/or other Utilities, and interested parties, as requested. In addition, we are mailing copies to parties on the Service List for Application No. 88-10-012 (list attached) and to all certified interexchange carriers

In accordance with Decision No. _____, we would like this filing to become effective _____.

Yours truly,

PACIFIC BELL

Pacific Bell
San Francisco, California

ATTACHMENT 2

2-1

SCHEDULE CAL.P.U.C. NO. B9.

4th Revised Table of Contents Sheet A

Cancels 3rd Revised Table of Contents Sheet A

PRIVATE LINE SERVICES

B9. HIGH CAPACITY SYSTEMS

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.1 DESCRIPTION (Cont'd)

A. DEFINITIONS (Cont'd)

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DIGITAL CHANNEL TERMINAL UNIT

Denotes equipment furnished by the Utility, or its functional equivalent provided by the customer, to terminate a 1.544 Mbps digital facility at a customer's or user's location.

INTEROFFICE CHANNEL (IOC)

The term "Interoffice Channel" denotes a path for digital transmission furnished between the Wire Centers serving the customer's premises.

(T)

LOCAL DISTRIBUTION CHANNEL (LDC)

(N)

The term LDC includes:

- a path for digital transmission furnished between the wire center and the customer's premise or
- multiplexing provided at a customer premise when provisioned with a 1.544 digital transmission path or
- features provided at a Wire Center

(N)

MBPS

Megabits per second.

OTHER COMMON CARRIER

An "Other Common Carrier" is a Specialized Common Carrier, Miscellaneous Common Carrier, Domestic and International Record Carrier or Domestic Satellite Carrier engaged in providing service as such carriers may be authorized by the FCC to provide.

PREMISES

The term "Premises" denotes a building or buildings on continuous property (except railroad right of way, etc.), not separated by a public highway.

UTILITY

The Utility is Pacific Bell, its Concurring Carriers and Connecting Carriers, either individually or collectively.

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PRIVATE LINE SERVICES

B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.1 DESCRIPTION (Cont'd)

B. SERVICE (Cont'd)

1. General (Cont'd)

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e. Local Distribution Channel

The Utility provides four types of LDC's:

(1) Type A LDC

A full duplex 1.544 Mbps digital channel between the customer premises location and the Wire Center per Technical Reference 62411. It is suitable for bulk data transport, video teleconferencing, bulk transport of multiple derived voice data when terminated at the customer's premises on either customer provided channelization equipment or a suitably equipped customer provided communications system. (T)

(2) Type B LDC

Type B LDC is an option available with a Type A LDC which provides multiplexing for 24 or 48 derived 64 Kbps DS-O (Digital Signal Level 0 Dataport) channels at the customer's premise per Technical Reference 62411. Each derived channel is suitable for voice and low or medium speed data transport. This service is offered only with Type A LDC(s). (T)

(3) Type C LDC

Type C LDC is an option which provides multiplexing at the wire center for 24 or 48 derived 64 Kbps DSO (Digital Signal Level 0 Dataport) channels per Technical Reference 62411. Each derived channel is suitable for voice and low or medium speed data transport and must be ordered separately from the appropriate tariff. (T)

(4) Type D LDC

Type D is an option which provides a digital interface connecting an LDC or HCDS interoffice channel to a separately purchased Central Office based service (i.e. Centrex and PB LAN). (T)

Continued

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.1 DESCRIPTION (Cont'd)

B. SERVICE (Cont'd)

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2. Automatic Protection Switching Arrangements

The Automatic Protection arrangement provides channel protection to the portion of the Local Distribution Channel (LDC) which is not otherwise inherently protected against failure. At a minimum, it provides protection to the LDC portion of the service between the Customer's premises and the central office serving that location.

Protection is provided through the use of an automatic switching arrangement and spare LDC or IOC elements ordered by the customer for use in this manner. The switching arrangement automatically switches to a spare facility when the working facility fails. The spare facility is not included as part of the Automatic Protection Switching Arrangement and must be obtained separately.

9.1.2 REGULATIONS

A. AVAILABILITY OF A SERVICE

1. HCDS channels are offered within and between all rate center areas served by the Utility where suitable digital transmission facilities are available. In order to determine whether suitable facilities are available, a service inquiry is initiated through a Utility sales office.

2. Type B LDC is offered only in combination with Type A LDC(s).

(N)

Continued

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.2 REGULATIONS (Cont'd)

E. RESPONSIBILITY OF THE CUSTOMER (Cont'd)

2. The customer shall be responsible for: (Cont'd)

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d. All signals generated by customer-provided terminal equipment must meet signal and format standards as listed below.

(1) Data Rate: 1.544 Mbps +/-75 bps

(2) Consecutive Zeros: No more than 15 consecutive zeros maybe generated

(3) Pulse Density: At least 3 pulses in any 24 bit interval

Additional details are set forth in Section 2 of Technical Reference PUB 62411. This Technical Publication may be obtained through a Utility sales representative.

e. Placing all orders and payment of all charges for service(s) offered herein, and

f. Compliance with Utility regulations by the customer and authorized users.

F. INTERCOMPANY PROVISIONING

When an HCDS channel is jointly furnished by two or more utilities, the tariff schedules of each Utility will apply only to their portion of the channel furnished. Each Utility will bill the customer for that portion of the channel it furnishes.

(N)

(N)

Continued

Advice Letter No.

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.2 REGULATIONS (Cont'd)

H. PAYMENTS AND CHARGES FOR SERVICE (Cont'd)

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2. Move Charges

(N)

A move involves a change in the physical location of one or more LDCs.

The charges for the move are dependent on whether the move is to a new location within the same building or to a different building.

a. Within the Same Building

When the move is to a new location within the same building, the charge for the move will be an amount equal to one half of the nonrecurring charge of the LDCs used to provide the service.

b. To a Different Building

Moves to a different building will be treated as a disconnect and start of service and all associated nonrecurring charges will apply.

3. Change Charges

Changes charges are incurred as follows:

A change from a channel termination or optional feature as described in Schedule Cal.P.U.C. No. 175-T or FCC Schedule 128, to a LDC as described in this Schedule, will be subject to 1/2 the nonrecurring charge of the Local Distribution Channel.

(N)

Continued

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Pacific Bell
San Francisco, California

APPENDIX B
ATTACHMENT 2
2-7

SCHEDULE CAL.P.U.C. NO. B9.
3rd Revised Sheet 15
Cancels 2nd Revised Sheet 15

PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)
9.1.2 REGULATIONS (Cont'd)

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I. CANCELLATION FOR CAUSE

The Utility, by written notice to the customer, may immediately discontinue the furnishing of HCDS without incurring liability upon:

1. Nonpayment of any sum due the Utility or
2. A violation of any condition governing the furnishing of service.

J. MAINTENANCE VISIT

The customer shall be responsible for payment of a service charge, as set forth in Schedule Cal.P.U.C. No. B8.1.18.I, for visits by the Utility to the premises of the customer or authorized user where the service difficulty or trouble report results from the use of equipment or facilities provided by the customer or authorized user.

K. ALLOWANCE FOR INTERRUPTIONS

Provisions concerning allowance for interruptions in service are set forth in Schedule Cal.P.U.C. No. A2.1.14.

L. MILEAGE MEASUREMENTS

Rate mileages for channels, as referred to in B9.1.3 following are determined in accordance with Schedule Cal.P.U.C. No. 175-T, Section 14.

(D)

(D)

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PRIVATE LINE SERVICES

B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.2 REGULATIONS (Cont'd)

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DRAFT

M. FLEXIBLE RATES

(N)

This schedule contains flexible rates for services involving High Capacity Digital Services as listed below. The current rates will be set forth on the following range basis.

	<u>Monthly Rate</u>				<u>USOC</u>
	<u>Fixed</u>		<u>Per Airline Mile</u>		
	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	
1. Inter Office Channel					
- 1.544 Mbps Service					
- Each two point channel	\$425.00	\$30.00	\$21.00	\$18.00	1LNFX (N)

Material omitted now on Sheet 15.4.

Continued

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)
9.1.2 REGULATIONS (Cont'd)
M. FLEXIBLE RATES (Cont'd)

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(N)

2. Local Distribution Channel.

	<u>Installation Charge</u>		<u>Monthly Rate</u>		<u>USOC</u>
	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	
a. Type B LDC					
- For 1.544 Mbps Service					
- 24 voice equivalent circuits	\$2302.00	\$1241.00	\$ 579.00	\$250.00	CHPP2
- 48 voice equivalent circuits	4973.00	1784.00	887.00	390.00	CHPP4 (N)

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

- 9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)
9.1.2 REGULATIONS (Cont'd)
M. FLEXIBLE RATES (Cont'd)
2. Local Distribution Channel (Cont'd)

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(N)

	<u>Installation Charge</u>		<u>Monthly Rate</u>		<u>USOC</u>
	<u>Maximum</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Minimum</u>	
b. Type C LDC					
- For 1.544 Mbps Service					
- 24 voice equivalent circuits	\$2407.00	\$165.00	\$344.00	\$210.00	CHNC2
- 48 voice equivalent circuits	3433.00	225.00	584.00	425.00	CHNC4
c. Type D LDC					
- For 1.544 Mbps Service	750.00	125.00	100.00	25.00	CHC (N)

Continued

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PRIVATE LINE SERVICES

B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

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9.1.3 RATES AND CHARGES

The rates and charges specified in this section apply for all services involving High Capacity Digital Services.

(L)x

(L)x

The rates set forth in this section may be raised (not to exceed the maximum as stated in M. preceding) or lowered (not below the minimum as stated in M. preceding) by the Utility with at least 10 days prior notice to the CPUC and customers before the effective date.

(N)

(N)

A. INTEROFFICE CHANNEL

(L)x

The rates set forth below apply for each two point channel between the Serving Wire Centers of the customer's premises furnished for use with either 1.544 Mbps Service.

(L)x

Monthly Rate

Fixed	Per Airline Mile	USOC
-------	------------------	------

(L)x

1. 1.544 Mbps Service (T)

- Each two point channel

\$175.00(R)

\$21.00

ILNFX

(L)x

x Formerly on Sheet 15.1.

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PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)
9.1.3 RATES AND CHARGES (Cont'd)

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B. LOCAL DISTRIBUTION CHANNEL

The rates set forth below apply for each Local Distribution Channel (LDC).¹

(T)
(D)
(D)

		<u>Installation Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>
1. Type A LDC				
For 1.544 Mbps Service	(T)	\$1324.00(R)	\$162.59(R)	LCDHC

(D)

(D)

NOTE 1: When both customer premises are within the same Wire Center, 2 Local Distribution Channels are required.

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Pacific Bell
San Francisco, California

APPENDIX B
ATTACHMENT 2
2-13

SCHEDULE CAL.P.U.C. NO. B9.
2nd Revised Sheet 16.1
Cancels 1st Revised Sheet 16.1

PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

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9.1.3 RATES AND CHARGES (Cont'd)

DRAFT

B. LOCAL DISTRIBUTION CHANNEL (Cont'd)

The rates set forth below apply for each Local Distribution Channel (LDC).¹ (Cont'd)

(T)
(D)
(D)

2. Type B LDC⁴

For 1.544 Mbps

	<u>Installation Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>	
- 24 voice equivalent circuits	\$ 1291.00 (R)	\$335.00 (R)	CHPP2	(T)
- 48 voice equivalent circuits	2300.00 (R)	473.00 (R)	CHPP4	(T)
- Digital Data Circuit Pack ²	NO	NO (R)	CHNDC	(T)

	<u>Installation Charge</u>	<u>Change Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>
--	----------------------------	----------------------	---------------------	-------------

change or addition of circuit packs, each³

- Digital Data Circuit Pack	NO	41.00	NO (R)	CHNDC
- Voice Circuit Pack	NO	41.00	NO	CHNVC

NOTE 1: When both customer premises are within the same Wire Center, 2 Local Distribution Channels are required. (T)

NOTE 2: Digital Data Circuit packs are required in addition to Local Distribution Channels for the transmission of digital data between customer premises locations. (T)

NOTE 3: A change charge is applicable for each circuit pack that is changed or added subsequent to the initial installation of a Local Distribution Channel.

NOTE 4: Available only in combination with Type A LDC. (N)

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Issued by

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Pacific Bell
San Francisco, California

APPENDIX B
ATTACHMENT 2
2-14

SCHEDULE CAL.P.U.C. NO. B9.
3rd Revised Sheet 17
Cancels 2nd Revised Sheet 17

PRIVATE LINE SERVICES
B9. HIGH CAPACITY SYSTEMS

9.1 HIGH CAPACITY DIGITAL SERVICE (Cont'd)

9.1.3 RATES AND CHARGES (Cont'd)

B. LOCAL DISTRIBUTION CHANNEL (Cont'd)

The rates set forth below apply for each Local Distribution Channel (LDC).¹ (Cont'd)

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DRAFT

(T)
(D)
(D)

3. Type C LDC

For 1.544 Mbps

- 24 voice equivalent circuits
- 48 voice equivalent circuits

<u>Installation Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>
----------------------------	---------------------	-------------

\$195.00(R)	\$344.00	CHNC2 (T)
260.00(R)	484.00(R)	CHNC4 (T)

<u>Installation Charge</u>	<u>Change Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>
----------------------------	----------------------	---------------------	-------------

change or addition of
circuit packs, each²

- Voice Circuit Pack
- Digital Data Circuit Pack

NO	\$41.00	NO	CHNVC
NO	41.00	NO	CHNDC (N)

<u>Installation Charge</u>	<u>Monthly Rate</u>	<u>USOC</u>
----------------------------	---------------------	-------------

4. Type D LDC

For 1.544 Mbps

- each channel

\$150.00(R)	\$70.00(R)	CHC
-------------	------------	-----

(T)

NOTE 1: When both customer premises are within the same Wire Center, 2 Local Distribution Channels are required. (T)

NOTE 2: A change charge is applicable for each circuit pack that is changed or added subsequent to the initial installation of a Local Distribution Channel. (T)

Continued

Advice Letter No.
Decision No.

Issued by
M. J. Miller

Date Filed:
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Executive Director - State Regulatory

Resolution No.

ACCESS SERVICE

This schedule contains regulations, rates and charges applicable to the provision of Access Services within a Local Access and Transport Area (LATA) or equivalent Market Area (MA) for connection to InterLATA communication services for intrastate interLATA carriers, and for limited intraLATA access for High Capacity services as described in Section 7 following.

(C)

(C)

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Pacific Bell
San Francisco, California

APPENDIX B
ATTACHMENT 3
3-2

SCHEDULE CAL.P.U.C. NO. 175-T
2nd Revised Sheet 3
Cancels 1st Revised Sheet 3

ACCESS SERVICE

1/11/89

DRAFT1. Application of Tariff

- 1.1 This tariff contains regulations, rates and charges applicable to the provision of Carrier Common Line, End User Access, Switched Access and Special Access Services, and other miscellaneous services, hereinafter referred to collectively as service(s), provided by Pacific Bell, hereinafter referred to as the Utility, to customers.

All services available to customers for the purpose of originating and terminating intrastate interLATA exchange access are contained herein. In addition, provisions for intraLATA High Capacity Service are set forth in Section 7 following. (C)

- 1.2 The provision of such services by the Utility as set forth in this tariff does not constitute a joint undertaking with the customer for the furnishing of any service.
- 1.3 The regulations, rates and charges contained herein are in addition to the applicable regulations, rates and charges specified in other tariffs of the Utility which are referenced herein.

Continued

Advice Letter No.
Decision No.

Issued by
M. J. Miller

Date Filed:
Effective:

Executive Director - State Regulatory

Resolution No.

ACCESS SERVICE

2. General Regulations (Cont'd)

1/11/89

DRAFT

2.6 Definitions (Cont'd)

Interexchange Carrier (IC) or Interexchange Common Carrier

The term "InterLATA Carrier (IC) or InterLATA Common Carrier" denotes any individual, partnership, association, joint-stock company, trust, governmental entity, or corporation including resellers and enhanced service providers authorized by the California Public Utilities Commission to provide interLATA telecommunication services for its own use or for the use of its customers. InterLATA carriers can include carriers authorized by the California Public Utilities Commission to offer intraLATA high speed digital services consistent with the terms and conditions of Decision No. 88-08-059 and Decision No. 88-09-059. (C)

Interstate Communications

The term "Interstate Communications" denotes both interstate and foreign communications.

Intrastate Communications

The term "Intrastate Communications" denotes any communications within California subject to oversight by the California Public Utilities Commission as provided by the laws of the State of California. (C)

Line-Side Connection

The term "Line-Side Connection" denotes a connection of a transmission path to the line side of a local exchange switching system.

Local Access and Transport Area (LATA)

The term "Local Access and Transport Area" (LATA) denotes a geographic area established for the provision and administration of communications service. It encompasses one or more designated exchanges which are grouped to serve common social, economic and other purposes.

Continued

ACCESS SERVICE

7. Special Access Service7.1 General

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DRAFT

Special Access Service provides a transmission path to connect customer designated premises*, either directly or through a Utility Hub where bridging or multiplexing functions are performed. One of the customer designated premises must be an interexchange carrier point of presence, with the exception of multiplexed service as shown in 7.1.4 (C) following, which may connect end user premises to end user premises. Special Access Service includes all exchange access not utilizing Utility end office switches.

The connections provided by Special Access Service can be either analog or digital. Analog connections are differentiated by spectrum and bandwidth. Digital connections are differentiated by bit rate.

High Capacity service operating at 1.544 Mbps set forth in 7.2.9 following, may be purchased for intraLATA communications connecting two end user premises within the same LATA consistent with all of the terms and conditions contained in CPUC Decision Nos. 88-08-059 and 88-09-059. This tariff does not permit the connection of facilities for transport from or to the end user's premises for intraLATA service of either analog or digital transmissions at speeds less than 1.544 Mbps. (N)

Facilities and services offered hereunder are not available for intraLATA switched services (including without limitation, MTS, MTS-like, WATS, WATS-like, SDN, SDN-like, MEGACOM, MEGACOM-like). In addition, Shared Use of an IntraLATA High Capacity circuit with Switched Access services (e.g. Feature Groups A, B, C or D) for intraLATA purposes is not permitted. (N)

7.1.1 Channel Types

There are nine types of channels used to provide Special Access Services. Each type has its own characteristics. All are subdivided by one or more of the following:

- Transmission specifications.
- Bandwidth.
- Speed (i.e., bit rate).
- Spectrum

Customers can order a basic channel and select, from a list of available transmission parameters and channel interfaces, those that they desire to meet specific communications requirements.

* Utility Centrex CO-like switches and ports included in Public Packet Switching (PPS) service are considered to be customer premises for purposes of administering regulations and rates contained in this tariff.

Continued

Advice Letter No.

Decision No.

Issued by

M. J. Miller

Date Filed:

Effective:

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Resolution No.

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.1 General (Cont'd)

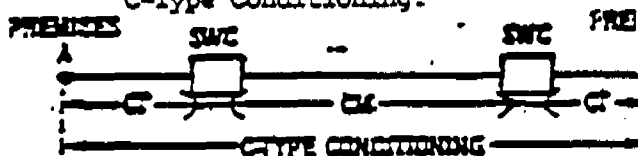
7.1.4 Service Configurations (Cont'd)

1/11/89

DRAFT

(A) Two-Point Service (Cont'd)

- (1) The following diagram depicts a two-point Voice Grade service connecting two customer designated premises located 15 miles apart. The service is provided with C-Type Conditioning.



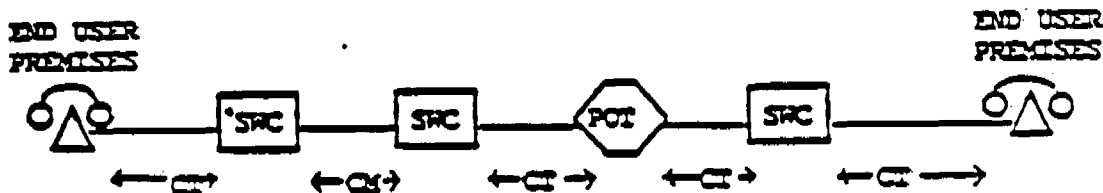
CT - CHANNEL TERMINATION
CM - CHANNEL MILEAGE
SWC - SERVING WIRE CENTER

Applicable rate elements are:

- Channel Terminations (2 applicable)
- Channel Mileage (mileage band Over 8 to 25 miles)
- C-Type Conditioning Optional Feature

- (2) The following diagram depicts a two-point intraLATA HICAP service connecting two End User designated premises in the same LATA where the Serving Wire Centers are 15 miles apart.

(N)



CT - CHANNEL TERMINATION
CM - CHANNEL MILEAGE
POT - INTEREXCHANGE CARRIER POINT OF TERMINATION
SWC - SERVING WIRE CENTER

Applicable rate elements are:

- Channel Terminations (4 applicable)
- Channel Mileage (mileage band Over 8 to 25 miles)

(N)

Continued

ACCESS SERVICE

7. Special Access Service (Cont'd)

7.2 Service Descriptions (Cont'd)

1/11/89

DRAFT

7.2.9 High Capacity Service

(A) Basic Channel Description

A High Capacity channel is a channel for the transmission of nominal 64.0 kbps* or 1.544#, 3.152, 6.312, 44.736, (C) or 274.176 Mbps isochronous serial data. The actual bit rate and framing format is a function of the network channel interface selected by the customer. High Capacity channels are provided between customer designated premises or between a customer designated premises and a Utility Hub.

The customer may provide the Network Channel Terminating Equipment associated with the High Capacity channel at the customer's premises. The interim program for interconnection of such equipment is set forth in Technical Reference PUB AS No. 1.

(B) Technical Specifications Packages

<u>Parameters</u>	<u>Package HC-</u>					
	<u>0</u>	<u>1</u>	<u>1C</u>	<u>2</u>	<u>3</u>	<u>4</u>
Error-Free Seconds		X				

A channel with technical specifications package HC1 will be capable of an error-free second performance of 98.75% over a continuous 24 hour period as measured at the 1.544 Mbps rate through a CSU equivalent which is designed, manufactured, and maintained to conform with the specifications contained in Technical Reference PUB 62411.

Available as an interLATA and limited intraLATA service offering. (N)

* Available only as a channel of a 1.544 Mbps facility between two Utility Digital Data Hub or as a cross connect of two channels of two 1.544 Mbps facilities at a Digital Data Hub(s). The customer must provide system and channel assignment data.

Continued

Advice Letter No.
Decision No.

Issued by
M. J. Miller

Date Filed:
Effective:

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ACCESS SERVICE

7. Special Access Service (Cont'd)7.5 Rates and Charges (Cont'd)7.5.9 High Capacity Service

1/11/89

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	USOC	Monthly Rates	Nonrecurring Charges	
			1st	Add'l.
(A) Channel Termination				
- Per point of termination				
- 1.544 Mbps at an End User location	(N) TMECS	\$162.59(R)	\$662.00(R)	NA* (C)
- 1.544 Mbps at an IC POT location	(N) TMEPS	60.57(R)	\$662.00(R)	NA* (C)
- 3.152 Mbps	TWT++	ICB	ICB	ICB
- 6.312 Mbps	TWT++	ICB	ICB	ICB
- 44.736 Mbps	TWT++	ICB	ICB	ICB
- 274.176 Mbps	TWT++	ICB	ICB	ICB

* For 1.544 Mbps service, the charge for each point of termination is the charge shown for the 1st charge.

(N)
(N)

Continued

Advice Letter No.
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Effective:
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Pacific Bell
San Francisco, California

APPENDIX B

ATTACHMENT 3
3-8

SCHEDULE CAL.P.U.C. NO. 175-T

1st Revised Sheet 332

Cancels Original Revised Sheet 332

ACCESS SERVICE

7. Special Access Service (Cont'd)7.5 Rates and Charges (Cont'd)7.5.9 High Capacity Service (Cont'd)

1/11/89

DRAFT(B) Channel Mileage

		<u>Monthly Rates</u>	
		<u>Fixed</u>	<u>Per Mile</u>
<u>USOC</u>			
(1) 1.544 Mbps*			
<u>Mileage Bands</u>			
0	1LSXX	None	None
Over 0 to 4	1LSXX	\$117.73 (I)	\$36.72 (I)
Over 4 to 8	1LSXX	117.73	36.72
Over 8 to 25	1LSXX	117.73	36.72
Over 25 to 50	1LSXX	117.73	36.72
Over 50	1LSXX	117.73 (I)	36.72 (I)

(2) 3.152 Mbps

<u>Mileage Bands</u>			
0	1LO++	None	None
Over 0 to 4	1LO++	ICB	ICB
Over 4 to 8	1LO++	ICB	ICB
Over 8 to 25	1LO++	ICB	ICB
Over 25 to 50	1LO++	ICB	ICB
Over 50	1LO++	ICB	ICB

* For a circuit at 46 miles in length or above, the billed rate for the entire (N) circuit will be adjusted for the difference between the current effective rates and previous effective rates as of _____ on the entire circuit. (N)

Continued

Advice Letter No.

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Resolution No.

NETWORK AND EXCHANGE SERVICES
A2. GENERAL REGULATIONS

2.1 RULES (Cont'd)

2.1.33 RULE NO. 33 - BILLING SURCHARGES

1/11/89

DRAFT1.A RatesMonthly Percentage

Adjustment Factor (Effective 1-1-89 through 4-30-89)	(14.082%) (I)
Adjustment Factor (Effective 5-1-89 through 12-31-89)	(4.611%) (I)

The monthly percentage applies to all recurring and nonrecurring rates and charges for service or equipment provided under all of the Utility's tariff schedules except the following:

A2.1.37 Rule No. 37 - ALL

A5.2.5.

E.5 Universal Service Surcharge - (PARTIAL)

A5.5.1 Public Telephone Service - ALL

A5.5.2.

D.2 Semi-Public Telephone Service - (PARTIAL)

A6. Message Telecommunications Service - ALL

A6.2.1 Message Telecommunications Service - (PARTIAL) Coin Sent Paid - Paragraph A.4.a.(7) Coin Station Service and Coin Person Service

Continued

Advice Letter No.

Issued by

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Decision No.

M. J. Miller

Effective:

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Resolution No.

NETWORK AND EXCHANGE SERVICES

A2. GENERAL REGULATIONS

2.1 RULES (Cont'd)

2.1.33 RULE NO. 33 - BILLING SURCHARGES (Cont'd)

1.A (Cont'd)

The monthly percentage applies to all recurring and nonrecurring rates and charges for service or equipment provided under all of the Utility's tariff schedules except the following: (Cont'd)

A9.1.2 Centrex Payment Plans - (PARTIAL) USOCs as shown in C. Payment Plan - Monthly Rates and corresponding Schedule Cal.P.U.C. Nos. A9.1.1.,D; A9.1.4,E; A9.1.6,D; and A9.1.8,E.

1.B Rates

Monthly Percentage

Adjustment Factor (Effective 1-1-89 through 4-30-89)	(12.846%)	(I)
Adjustment Factor (Effective 5-1-89 through 12-31-89)	(3.375%)	(I)

The monthly percentage applies to intraLATA toll provided under all of the Utility's tariff schedules except those items excluded in 1.A preceeding, other than Message Telecommunications Service A6., exclusive of Federal and Local excise taxes, and Federal income taxes.

Continued

Advice Letter No.

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M. J. Miller

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Resolution No.

NETWORK AND EXCHANGE SERVICES
A2. GENERAL REGULATIONS

- 2.1 RULES (Cont'd)
2.1.33 RULE NO. 33 - BILLING SURCHARGES (Cont'd)

1/11/89

DRAFT

1.C Rates

Monthly Percentage

Adjustment Factor (Effective 1-1-89 through 4-30-89)	(23.941%)	(I)
Adjustment Factor (Effective 5-1-89 through 12-31-89)	(14.470%)	(I)

The monthly percentage applies to all recurring and nonrecurring rates and charges for service or equipment provided under Schedule Cal.P.U.C. No. 175-T.

2. The billing adjustment amount on each bill shall be designated "Billing Surcharge".
3. The Monthly Percentage factor applies to each customer's bill for the total recurring and nonrecurring rates and charges except those items excluded in 1.A. preceding, exclusive of federal and local excise taxes, and Federal income taxes.
3. The Adjustment Factor applies to the first bill date after the effective date of a change in the Monthly Percentage.

Continued

Advice Letter No.
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M. J. Miller
Executive Director - State Regulatory

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Resolution No.

APPENDIX B

IMPACT ON PACIFIC BELL'S AVERAGE RESIDENTIAL TELEPHONE BILL

1/11/89
DRAFT

The High Speed Digital Private Line Services Application (A. 88-10-012) proposes to reduce certain high speed digital rates by \$5.4M** in 1989 with an offsetting increase to the present surcharge which is applicable to all tariffed services.

The following illustrates the impact to an average residential customer with one-party flat rate service:

	<u>Present</u>	<u>Proposed</u>	<u>Difference</u>
Monthly Service	\$12.70	\$12.70	0
Usage Charges:			
Local Messages/ZUM calls	\$ 3.25	\$ 3.25	0
Service Area calls	\$11.45	\$11.45	0
Rate Surcharge	\$ 3.74 CR	\$ 3.72 CR	↑ \$.02
AVERAGE MONTHLY CHARGES *	\$ 23.66	\$ 23.68	↑ \$.02

THE FOLLOWING SHOWS ADDITIONAL EXAMPLES OF HOW A CUSTOMER'S BILL RANGING FROM \$10.00 TO \$100.00 COULD BE IMPACTED BY THIS SURCHARGE INCREASE:

	<u>1989</u>	<u>1990#</u>
■ \$10.00 Bill* x 0.075% = \$.01 increase		x 0.075% = \$.01 increase
■ \$25.00 Bill* x 0.075% = \$.02 increase		x 0.075% = \$.02 increase
■ \$50.00 Bill* x 0.075% = \$.04 increase		x 0.075% = \$.04 increase
■ \$100.00 Bill* x 0.075% = \$.08 increase		x 0.075% = \$.08 increase

* Excludes other applicable surcharges or fees (e.g. Universal Service Surcharge, Federally Imposed Network Access Charge, etc.)

Approximation of Surcharge billing increment based on a 1989 billing base until a 1990 billing base has been approved.

** \$5.4M is Pacific's revenue reduction which is approximately .066%, \$.583M has been added to the surcharge request due to the settlement impact of GTE California Inc.'s Application No. 88-10-017 which is approximately .008%.

January 11, 1989

(END OF APPENDIX B)

TABLE A

PACIFIC BELL

ESTIMATED SETTLEMENT REVENUE EFFECTS ON TELEPHONE COMPANIES
DUE TO CHANGES IN PACIFIC'S TARIFFS FOR NICAP SERVICE (SCHEDULES B9 & 175T) *

1989

(WHOLE \$)

INDEPENDENT COMPANIES	ACCESS	INTRALATA MTS	INTRALATA PL	EAS	TOTAL
-----	-----	-----	-----	-----	-----
	(a)	(b)	(c)	(d)	(e)
1 CALAVERAS	\$463	(\$301)	(\$9)	(\$31)	122
2 CAPAY	\$101	(\$69)	\$0	\$0	33
3 CAL-OREGON (with DORIS)	\$715	(\$212)	(\$62)	\$0	441
4 CAL PAC NATIONAL	\$1,833	(\$1,534)	(\$123)	(\$8)	168
5 CITIZENS	\$13,960	(\$6,941)	(\$2,611)	(\$1,577)	2,832
6 CONTINENTAL	\$28,845	(\$40,385)	(\$7,326)	(\$386)	(19,252)
7 DUCOR	\$217	(\$154)	(\$9)	(\$3)	51
8 EVANS (with LIVINGSTON)	\$1,018	(\$1,000)	(\$216)	(\$45)	(244)
9 FORESTHILL	\$195	(\$213)	(\$5)	\$0	(23)
10 HAPPY VALLEY	\$910	(\$199)	(\$18)	(\$229)	464
11 HORNITOS	\$244	(\$260)	\$0	\$0	(16)
12 KERNAN	\$446	(\$209)	(\$21)	(\$96)	119
13 PINNACLES	\$34	(\$14)	(\$2)	\$0	19
14 PONDEROSA	\$1,658	(\$1,622)	(\$264)	\$0	(228)
15 ROSEVILLE	\$5,165	(\$3,857)	(\$481)	(\$2,086)	(1,259)
16 SIERRA (with MARIPOSA)	\$2,352	(\$1,118)	(\$232)	\$0	1,003
17 SISKIYOU	\$941	(\$611)	(\$369)	\$0	(40)
18 TUOLUMNE	\$1,721	(\$1,442)	(\$14)	(\$29)	235
19 VOLCANO	\$1,696	(\$573)	(\$3)	(\$44)	1,077
20 WEST COAST	\$0	(\$880)	(\$61)	\$0	(941)
21 TOTAL OF COLUMNS	\$62,512	(\$61,594)	(\$11,825)	(\$4,534)	(\$15,440)

* NOTE: ASSUMES THAT LISTED UTILITIES DO NOT CONCUR IN PACIFIC'S REVISED TARIFF SCHEDULES FOR NICAP SERVICE (SCHEDULES B9 & 175T).

TABLE B

PACIFIC BELL

ESTIMATED SETTLEMENT REVENUE EFFECTS ON TELEPHONE COMPANIES
DUE TO CHANGES IN PACIFIC'S TARIFFS FOR HICAP SERVICE (SCHEDULES B9 & 175T) *

1990

(WHOLE \$)

INDEPENDENT COMPANIES	ACCESS	INTRALATA MTS	INTRALATA PL	EAS	TOTAL
-----	-----	-----	-----	-----	-----
	(a)	(b)	(c)	(d)	(e)
1 CALAVERAS	(\$741)	(\$474)	(\$15)	(\$26)	(\$1,256)
2 CAPAY	(163)	(108)	0	0	(271)
3 CAL-OREGON (with DORIS)	(1,146)	(334)	(102)	0	(1,581)
4 CAL PAC NATIONAL	(2,936)	(2,415)	(201)	(7)	(5,559)
5 CITIZENS	(22,357)	(10,927)	(4,273)	(1,354)	(38,910)
6 CONTINENTAL	(46,195)	(63,577)	(11,990)	(331)	(122,094)
7 DUCOR	(348)	(242)	(15)	(3)	(607)
8 EVANS (with LIVINGSTON)	(1,630)	(1,574)	(353)	(39)	(3,596)
9 FORESTHILL	(312)	(335)	(9)	0	(656)
10 GTE CALIFORNIA	0	(542,457)	(168,489)	(20,723)	(731,669)
11 HAPPY VALLEY	(1,457)	(313)	(29)	(197)	(1,996)
12 HORNITOS	(390)	(409)	0	0	(799)
13 KERMAN	(714)	(330)	(35)	(82)	(1,161)
14 PINNACLES	(55)	(22)	(3)	0	(79)
15 POWDEROSA	(2,655)	(2,554)	(432)	0	(5,641)
16 ROSEVILLE	(8,271)	(6,072)	(788)	(1,791)	(16,922)
17 SIERRA (with MARIPOSA)	(3,767)	(1,759)	(379)	0	(5,905)
18 SISKIYOU	(1,507)	(962)	(605)	0	(3,074)
19 TUOLUMNE	(2,756)	(2,271)	(23)	(25)	(5,074)
20 VOLCANO	(2,716)	(902)	(4)	(38)	(3,660)
21 WEST COAST	0	(1,386)	(100)	0	(1,486)
22 TOTAL OF COLUMNS	(\$100,115)	(\$639,423)	(\$187,843)	(\$24,617)	(\$951,997)

* NOTE: ASSUMES THAT LISTED UTILITIES DO NOT CONCUR IN PACIFIC'S REVISED TARIFF SCHEDULES FOR HICAP SERVICE (SCHEDULES B9 & 175T).

(END OF APPENDIX C)

3. Pacific's intraLATA high speed 1.544 mbps digital private line service is a utility service and is subject to the user fee as a percentage of gross intrastate revenue under PU Code § 431 through 435.

4. GTE California Incorporated is authorized to include in its comparable advice letter filing, pursuant to our decision for its A.88-10-017, also being issued today, an incremental bill and keep surcharge of 0.02% on intrastate access, intraLATA toll and exchange services to offset the 1989 lost settlement revenue of \$0.472 million resulting from this order.

5. Those telephone companies listed in Table A of of Appendix C to this order for which a negative settlement revenue effect is shown, are hereby authorized to file an advice letter to adjust the tariff schedule(s) to implement a bill and keep surcharge(s) for Calendar Year 1989, to reflect the net settlement revenue losses of today's decision on Pacific as shown in Table A of this order. The bill and keep surcharge(s) shall be based on the estimated 1989 customer billing bases for intrastate access, intraLATA toll and exchange services. The advice letter filing with revised tariff schedules shall conform with the provisions of GO 96-A. The telephone companies listed in Table A of this order shall not recover from the intrastate High Cost Fund the settlement revenue losses shown in Table A. Local exchange companies listed in Table A shall notify affected customers by bill insert in the first bill to which the revised customer billing surcharge applies. This tariff revision shall become effective 5 days after filing and shall apply to services rendered on and after the effective date of the tariff revisions.

6. Those telephone companies listed in Table B of Appendix C of this order for which a negative settlement revenue effect is shown, are hereby authorized to file an advice letter to adjust the tariff schedule(s) to implement a bill and keep surcharge(s) for Calendar Year 1990, to reflect the net settlement revenue losses of