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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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MAR 24 1989

In the Matter of the Investigation and Suspension of tariffs authorizing Intrastate InterLATA Directory Assistance Operator Services to Interexchange carriers, by General Telephone, under Advice Letter No. 4999.	(I&S) Case 86-06-004 (Filed June 4, 1986)

Richard H. Cahill and Kenneth K. Okel, Attorneys at Law, by Kenneth K. Okel, for GTE California Incorporated, respondent.
Marlin Ard and Patricia Mahoney, Attorneys at Law, for Pacific Bell, protestant.
Randolph Deutsch, Attorney at Law, for AT&T Communications of California, interested party.
L. G. Andrego, by Melvin L. Hodges and Robert L. Howard, for the Division of Ratepayer Advocates.

O P I N I O N

GTE California Incorporated (GTEC, formerly General Telephone Company of California), in Advice Letter 4999 filed March 4, 1986 and in supplements filed April 10, April 30, and May 13, 1986, respectively, requested authority to provide intrastate interLATA Directory Assistance (DA) Operator Service to interexchange carriers (IEXs). The service would be offered in competition with DA service presently offered by Pacific Bell (Pacific) to IEXs.

Pacific protested the advice letter on March 24, 1986 and asked the Commission to reject the filing, alleging that the proposed service causes unknown revenue requirement impacts on GTEC and Pacific; Pacific and the Commission must examine GTEC's cost of service study supporting the offering; GTEC's proposed service

could have a negative financial and operational impact on Pacific and its intrastate pooling partners; a change in Pacific and GTEC's interconnection terms will be required; and GTEC's proposed service is an improper and unlawful infringement on Pacific's franchise right to provide DA throughout California. On April 17, 1986, GTEC responded to Pacific's protest. It was obvious from the protest, the reply, and the advice letter that additional facts were needed to resolve many of the issues attributed to this filing. Consequently, Case (C.) 86-06-004 was instituted.

In instituting C.86-06-004, this Commission stated:

> "We believe that authorizing GTEC's DA Service may have long-term impacts, which could adversely affect GTEC, Pacific and their respective ratepayers. What these impacts are and to what degree they will affect each company and its ratepayers are issues that must be resolved prior to determining the merits of GTEC's offering to provide DA service to interexchange carriers. Therefore, we shall suspend the operation of GTEC's Advice Letter No. 4999 and order a hearing to address the merits of the new offering."

At the prehearing conference held on this matter in Los Angeles on August 14, 1986 before Administrative Law Judge (ALJ) N. R. Johnson, Pacific requested and was granted the option of presenting cost studies for its intrastate interLATA DA service performed using a methodology different than that used by GTEC.

Public hearings were held in Los Angeles before ALJ Johnson on December 2-5 and 8-11, 1986, and the matter was submitted on concurrent opening briefs due January 23, 1987 and concurrent closing briefs due February 13, 1987. Opening and closing briefs were submitted by GTEC, Pacific, and AT&T-Communications of California (AT&T-C). Direct and/or rebuttal testimony was presented on behalf of GTEC by its revenues director, J. M. Jensik; by its operator services staff methods administrator, Thena Pettey; by its operator services administrator-budget,

results and force administrator, Kay Gosney; and by its business relations manager-compensation, Lida C. Tong; and on behalf of Pacific by its director-consumer product development, Valerie E. Eachus; by its financial manager-billing and collections, Judith A. Nyberg; and by its director-information resource products, Jerry M. Abercrombie.

I. Position of GTEC

Evidence

Testimony presented on behalf of GTEC indicated that:

1. The basic terms and conditions for the provision of DA service are: a minimum six-month period, prior to the beginning of each calendar month a subscribing IEX and GTEC must jointly estimate the call volume for that month for each Number Plan Area (NPA), the IEX is subject to a minimum monthly charge if actual call volumes are less than the higher of 75% previous months calls or 75% of forecast call volume, and GTEC will charge $0.245 for each DA call handled.

2. The charge of $0.245 for each DA call handled represents GTEC's fully allocated cost to provide the service.

3. Upon approval of the proposed tariff, GTEC is prepared to initiate service in the 213, 619, 714, 805, and 818 NPAs.

4. The additional DA traffic can be accommodated using the same equipment and operators who currently provide local DA (411) service.

5. The proposed rate of $0.245 per call should attract more business from IEXs who, up to now, have not elected to offer the benefits of DA service to their subscribers because of the higher rates charged by Pacific.

6. GTEC has been providing DA service under contract to AT&T-C in the 805 NPA on a trial basis since late 1984 without prior notice to Pacific.

7. The trial has demonstrated that GTEC can easily handle the increased traffic and that the increased traffic lowers the fully allocated cost per call because GTEC's fixed costs are spread over more units.

8. GTEC and Pacific have shared a common data base for directory listings for some time because neither company can furnish acceptable local DA service without having the other company's nearby listings.

9. Pursuant to agreements GTEC has been paying Pacific one-half the cost of maintaining the joint data base plus the costs of providing GTEC with a copy of the data base.

10. GTEC presently has access to data bases in NPAs 805, 619, 818, 213, and 714.

11. GTEC has not studied the acquisition of necessary additional data bases to provide statewide DA.

12. It is neither necessarily easier nor more efficient to provide DA service using equipment and facilities located in the NPA.

13. GTEC plans to place a limit of two requests per DA call in the proposed tariff to make it consistent with its interstate tariff.

14. GTEC added a fifth automatic call distributor (ACD) to handle the projected increased traffic, resulting from the proposed DA service.

15. The fully allocated costs of the proposed service contributes to the general overheads diminishing the amount of overheads that have to be recovered from other customers.

16. Pacific provides switched access as a means for IEX carriers to reach DA facilities and GTEC provides the connection between the ACDs and the carriers' point of presence on a dedicated line.

17. AT&T-C takes interstate DA service from GTEC in the 213 and 818 NPAs.

18. There is daily interaction with Pacific's Operator Services personnel to expedite the resolution of DA data base errors.

19. GTEC's network configuration for providing DA in the 213 and 818 NPAs consists of three Rockwell-Collins ACDs which distribute calls to eight DA offices for processing local (411), intraLATA, and interstate calls.

20. GTEC's network configuration for providing DA in the 619, 714, and 805 NPAs consists of two Rockwell-Collins ACDs which distribute calls to three DA offices. Two of these DA offices process local (411) DA requests for 619 and 714 listings and the third, in Goleta, handles local (411) intraLATA and interLATA/intrastate and interstate DA requests for the 805 NPA.

21. The Rockwell-Collins ACD is a digital solid state, computer-controlled switching system which automatically distributes incoming calls to the first available operator.

22. Approximately 52% of listings in the 213/818 data base, 28.5% of listings in the 619/714 data base, and 43% of listings in the 805 data base are GTEC's customers.

23. A five-second reduction in operator work time was documented as a result of the installation of Directory Assistance System-Voice (DAS-V).

24. GTEC began processing interstate 818 calls on October 15, 1986 and 213 and 805 interstate calls on November 1, 1986.

25. In the Directory Assistance System-Computer (DAS-C) environment, the actual work time (AWT) that GTEC was experiencing was about 30 to 31 seconds a call.

26. With DAS-V, Personal Response System (PRS), and NPA digitilized voice removal and operator data base, an AWT of 21 to 22 seconds is to be expected.

27. When GTEC was making a decision to add the fifth ACD, it was expecting to get additional intrastate and interstate traffic.

28. The AWT after implementation of DAS-V was approximately five seconds less than with DAS-C.

29. The expected cost for installing PRS equipment will be approximately $645,000.

30. The DAS-V programs were delayed past 1985 because the vendor-supplied retrival system had not interfaced with the Rockwell-Collins ACD and the development of the required software system took longer than anticipated.

31. GTEC's Intrastate-InterLATA DA cost study was developed by using the local 411 DA 1986 original budget followed by an overlay budget showing the potential impact of AT&T-C's intrastate DA call volumes combined with GTEC's local 411 call volumes followed by an overlay budget developed combining AT&T-C's intrastate and interstate DA call volumes with GTEC's local 411 DA call volumes.

32. The AWT used for the original budget was 23.93 seconds for ACD 1, 24.13 seconds for ACD 2, 23.56 seconds for ACD 3, and 24.78 seconds for ACD 4.

33. The AWT used for the 1986 DA cost study overlays was 20.1 seconds for ACD 1, 20.1 seconds for ACD 2, 19.8 seconds for ACD 3, and 21.4 seconds for ACD 4.

34. The DA labor cost estimates were based on an unloaded labor rate of $10.84 per hour.

35. GTEC's statewide AWT for 1985 was 29.4 seconds.

36. AT&T-C is taking back its interLATA toll from GTEC and some of the operators thus freed will be available for DA work.

37. GTEC is evaluating a plan to route all interstate and intrastate interLATA DA calls for 213, 818, 619, and 714 NPAs through ACD-5.

38. Fully allocated cost studies based on Parts 67 and 69 of the Federal Communications Commission (FCC) rules and regulations were used for this DA cost study, as well as studies supporting access tariffs filed with the FCC and for zone unit message

studies. Forward-looking estimates rather than historical costs were used.

39. GTEC filed a Notice of Intent for a general rate application for test year 1988, with its DA rates subject to review in that proceeding.

40. The cost study apportions all of GTEC's investment, operating expenses, and taxes between the interstate and intrastate jurisdictions and between carrier common line, and office switching, transport, DA, billing and collection, special access and interexchange.

41. The economies of scale are not included in the study that developed the interstate DA cost of 26.8¢ per call.

42. GTEC's estimated cost of installing a Winchester system, should GTEC decide to go forward with that system, would be between $3.1 and $4.1 million dollars.

43. In all probability, the Winchester system would be installed by General Telephone and Electronics Data Service and leased to GTEC for approximately $73,000 a month.

44. GTEL will be installing for GTEC one audio response unit (ARU) per 40 operator positions at a cost of $49,000 a unit with a total of 19 ARUs being installed by year end 1986. These units will be leased by GTEC.

45. The overall effect on GTEC's proposed DA rate of: increasing Account 6074 expenses to reflect Ms. Petty's revised page 10B in Exhibit 8, increasing operator wages to eliminate 1.5 seconds AWT savings associated with data base, eliminating 1.0 second AWT savings associated with NPA voice at Goleta, increasing investment and traffic reroute for ACD 5, increasing investment for PRS, and reducing rate of return (ROR) from 12.75 to 12.64% is an increase of $.000737 per call.

46. Subsequent to divestiture, GTEC did not pool on an intrastate interLATA basis with Pacific.

47. Using an AWT of 25 seconds would result in a cost per DA call of 28.6¢.

48. NPA 213 and 818 would overflow onto ACDs 1 and 2 and 619 and 714 would overflow onto ACD 3.

49. Rerouting intrastate interLATA traffic from ACD 1, 2, and 3 to ACD 5 decreases the cost per call.

Argument

In its brief, GTEC argued that:

1. GTEC's proposed intrastate interLATA DA service is in the public interest and should be approved.

   a. The new service offering will enable GTEC to provide the full range of DA services now offered by Pacific.

   b. The proposed service will result in better utilization of GTEC's plant and personnel while providing additional revenues to support GTEC's basic rates.

   c. The DA trial that GTEC conducted in the 805 NPA beginning in October 1984 proved that GTEC is capable of providing high quality intrastate interLATA DA service.

   d. By the end of 1986, all of GTEC's DA offices had been converted to DAS-V which has enabled GTEC to significantly increase the productivity of its DA operators by reducing the amount of time they are required to spend handling DA calls.

   e. GTEC's proposed rate of 24.5¢ per call is more attractive to IEXs than Pacific's current rate of 33¢ per call.

   f. The financial impact on Pacific of losing AT&T-C's intrastate interLATA DA traffic is small.

2. GTEC's proposed DA service will provide IEXs with attractive features not available from Pacific.

   a. GTEC's merged data bases for the 213/818 and 619/714 NPAs enable the same operators

to provide callers with the listings that appear in multiple NPAs.

b. GTEC's DA service is designed with a reconnect feature permitting two listings with each DA call.

c. GTEC uses a state-of-the-art digital ACDs as compared to Pacific's No. 5 cross-bar ACDs. Each digital ACD can handle up to 20 remote offices, can reroute overflow traffic to maintain high efficiency levels, can provide half-hour delayed call profiles, daily operator performance statistics, and demand reports which provide position and trunk call totals and gate queues. Pacific's No. 5 cross-bar ACDs have higher maintenance and repair costs, cannot generate reports on a real time basis, and cannot reroute traffic from one ACD to another.

3. It would not be in the public interest for GTEC or Pacific to cease merging their respective DA data bases in the five Southern California NPAs.

a. Only by merging their DA listings are Pacific and GTEC both able to provide quality local DA service in Southern California where the exchange areas of the two companies are intermingled.

b. GTEC has a very significant presence in each of the five Southern California NPAs.

4. GTEC's proposed rate of 24.5¢ per call reflects GTEC's cost of providing intrastate interLATA DA service.

a. A cost study was prepared using procedures found in Parts 67 and 69 of the FCC's rules and regulations.

b. All of GTEC's operating overheads as well as all the directly attributable costs related to the provision of each service are allocated to that jurisdiction and/or rate category.

c. Directly attributable costs are allocated to DA service in accordance with weighted standard work seconds and common costs are allocated on the basis of various percentage distributions of the directly attributable expenses and plant.

d. The starting point for the determination of operator labor costs was GTEC's 1986 original budget, reflecting the cost of providing 411 local DA and intrastate interLATA DA in the 805 NPA. The first overlay showed the impact of AT&T-C's additional intrastate DA call volumes combined with GTEC's 1986 original budget call volumes and the second overlay reflected the inclusion of AT&T-C's additional intrastate and interstate DA call volumes with GTEC's original budget call volumes.

e. The original budget reflected actual AWT for prior two years adjusted to reflect anticipated system enhancements such as DAS-V (five second saving), and DAS-V enhancement (one second saving), and the PRS (one second saving).

f. GTEC's witness updated the original cost study to reflect: changes between the February 1986 cost study and the December 1986 cost study, the amount of investment associated with GTEC's ACDs that should be allocated to the new service, the rerouting of DA traffic through the fifth ACD, and the reduction in rate of return to GTEC's currently authorized ROR. The net effect of all the above changes was to increase the cost per call from 24.50 to 24.57¢.

5. Pacific's cost methodology should not be approved by this Commission.

a. The embedded direct cost study performed by Pacific's witness excludes any portion of general expenses. Inclusion of these costs would have raised the indicated cost per call from 23.24 to 25.24¢.

b. Pacific was required to use GTEC's method of cost allocation (Parts 67 and 69 of FCC's rules) for its interstate DA tariff. The interstate DA rate thus derived, based on an AWT of 19.19 seconds per call, was 27.43¢ per call for 1986 and 25.66¢ per call for 1987.

c. This is the third DA cost study that Pacific has used in as many years to determine the cost of providing its intrastate interLATA DA service. The original rate was 61.9¢ per call. This was reduced to 33¢ per call based on a cost study filed by Pacific in Application (A.) 83-01-22.

d. In accordance with Exhibit 1011 in A.83-06-065 (this Commission's ongoing access charge investigation), Pacific's intrastate interLATA DA service earned a negative rate of return of 12.09%.

e. Because Pacific keeps changing its cost methodology to obtain desired results, this new study should not be accepted.

6. Pacific's cost study cannot be used as the basis for the filing of a reduction in its current DA rate.

a. In Decision (D.) 85-06-115 in A.83-06-065, this Commission stated that absent a showing of "compelling need" proposals to revise current access charges should take place in the context of a general rate case.

b. The rate design phase of Pacific's general rate case, A.85-01-034, is still in progress and is the appropriate place to file a competitive response to General's Advice Letter 4999.

c. Pacific's cost study reflects eight months of 1986 actual and four months projected expenses and excludes the impact of certain significant equipment costs Pacific will be incurring in 1987, such as the $8 million investment Pacific will be making in 1987.

and 1988 in connection with its Winchester system.

7. This Commission has no jurisdiction to award Pacific damages as a result of GTEC's offering of intrastate interLATA DA to AT&T-C in the 805 NPA.

a. The service was a limited trial offering to determine whether GTEC was capable of providing quality DA service to AT&T-C on an intrastate interLATA basis.

b. GTEC filed Advice Letter 4999 when the results of the trial indicated GTEC could provide the service.

c. This Commission lacks jurisdiction to award damages or to determine the existence of liability for alleged loss of business resulting from the acts or omissions of public utilities.

d. Since Pacific is not a subscriber to GTEC's DA service, it has no basis for recovering reparations from GTEC in this proceeding.

e. It is well-settled principle of tort and contract law that an injured party is obligated to minimize its damages which Pacific has not done.

8. GTEC only has the burden of showing that its service is in the public interest and that its rates are reasonable, not that Pacific's DA service is inadequate and its rates high.

9. While GTEC's DA service will compete with that offered by Pacific, neither company must invade the franchise areas of the other to provide the service.

10. The amount of time an operator is in direct contact with the customer, as measured by AWT, has no direct relationship to the time it takes for a caller to reach an operator or the time required to provide the listing information.

11. Since the same group of operators who now provide local, 411 and intrastate DA will be used to provide the new DA service, there is no reason to expect an upsurge of training costs.

12. The inclusion of costs associated with using Pacific's DA listings would obviously be inappropriate.

13. It would be improper to include "additional costs" associated with creating the merged listing data bases until GTEC completes its study of the matter to ascertain whether or not the costs are legitimate.

14. Pacific's witness's computations of GTEC's DA costs are based on a comparison of purported 1987 costs with GTEC's estimate of operator labor costs for 1986 and are, therefore, invalid. Also, neither the one second AWT reduction associated with PRS nor the one second saving associated with the elimination of the digitilized voice announcement was included in the computations.

II. Position of Pacific

Evidence

Testimony and exhibits presented on behalf of Pacific indicated that:

1. Pacific conducted trials on PRS in the DA environment and verified an AWT saving of 0.6 seconds per call.

2. Customers dial NPA-555-1212 for foreign numbering plan area (FNPA), intrastate interLATA and interstate interLATA DA service.

3. InterLATA DA calls are routed over an IEX network to the ACD associated with the called NPA.

4. On an average business day, Pacific will handle 2,604,400 calls consisting of 1,940,400 "411" calls, 346,000 FNPA intraLATA calls, 166,000 interstate interLATA calls, and 152,000 intrastate interLATA calls.

5. As of September 30, 1986, Pacific's DA operator service center force consisted of 196 managers and 3,684 associates (operators, service assistants, and clerks).

6. High levels of force churn are common in operator services because the operator's job is considered to be entry level for Pacific.

7. Effective October 16, 1984, AT&T-C began rerouting of 818 interstate interLATA DA traffic to GTEC and 805 and 213 NPAs interstate interLATA calls were rerouted as of November 1, 1986.

8. The loss of the 213, 805 and 818 NPAs is equal to the loss of 68,873 calls per average day which will idle 180 trunks and 32 operator positions and result in a 6.1% reduction in usage. Total DA revenues will be reduced by $4.8 million and 84 jobs will be lost.

9. The loss of intrastate interLATA DA traffic in Southern California would idle the equivalent of 320 trunks and 32 operator positions with a revenue loss of $6.8 million and the loss of 84 jobs. On a statewide basis, the revenue loss would be $13.9 million and the number of jobs lost would be 214.

10. Pacific is handling 60,000 intrastate and 105,000 interstate DA calls per month for other than AT&T-C. These calls are routed to the ACD as though they were 411 calls.

11. The same equipment used to provide local 411 DA is used to provide intrastate and interstate interLATA DA.

12. The current rate for intrastate interLATA DA is 33¢ per call and for 411 DA calls after two business and five residential calls is 25¢ per call.

13. Pacific is able to provide 17.3 second AWT on existing equipment and have an occupancy factor ranging from 94 and 94-1/2%.

14. Pacific has 37 DA offices and 2,236 operator positions.

15. Contract laborers are generally never used in an operator service center environment.

16. Only two-tenths of 1% of total DA calls involved are reconnect where someone was on the line so that feature was discontinued.

17. It takes a shorter time to handle a 411 call than a foreign NPA call.

18. It takes longer to handle an intrastate interLATA call than a 411 call.

19. The 106 trunks from AT&T-C that terminate in ADC could be modified to handle 411 calls.

20. The maximum tour in operator services is 7-1/2 hours.

21. The loss of the entire DA intrastate interLATA amounts to 5-6% of Pacific's total State traffic and the loss of NPA 213 and 818 intrastate interLATA traffic amounts to 0.89% of total State traffic and the loss of Southern California amounts to 2.44% of total traffic.

22. GTEC's labor expense is incorrectly stated because of its reliance on unrealized and unproven efficiencies that incorrectly understate AWT for DA operators; overtime expenses have been incorrectly treated; and certain investment costs were not included in GTEC's cost study.

23. Pacific estimates GTEC's true unit cost without consideration of the value of listings is between 28¢ and 30¢ per call.

24. The effect of the loss of the 213 and 818 DA traffic projected for the operating year 1986 would increase the cost per call by $0.0009; the loss of Southern California DA traffic would increase the cost per call by $0.0010; and the loss of all intrastate interLATA traffic would increase the cost per call by $0.0025.

25. The loss of Pacific's current intrastate interLATA traffic would increase its revenue requirement by $1 million for the 213 and 818 NPAs, $3 million for all Southern California, and $7 million for the entire State.

26. The current per call cost to Pacific for intrastate interLATA DA service is $.232 based on 1986 volume, investment costs, and labor rates (statewide average AWT of 19.3 seconds).

27. The 1984 cost was 33¢ per call using an embedded direct analysis model that Pacific no longer uses.

28. With the advent of open competition for the interLATA DA business, the expenses and revenues from this service should be removed from the intrastate interLATA access pool.

29. With the PRS savings of 0.6 seconds and Winchester (WIN) savings of 1.5 seconds in AWT, Pacific's cost per call would be 21.26¢ and with PRS savings of 1.0 seconds and WIN savings of 1.5 seconds in AWT, its cost per call would be 20.88¢.

30. Pacific filed a new DA rate of 25.66¢ that was effective January 1, 1987.

31. Pacific's 1986 interstate rate for DA was 27.4¢ per call.

32. Pacific has 56.7% of the listings in the 213 NPA, 68.9% of the listings in the 818 NPA, 61.1% of the listings in the 714 NPA, 81.0% of the listings in the 619 NPA, and 54.7% of the listings in the 805 NPA.

33. Pacific and GTEC provide tapes of their respective listings to the Times Mirror Press (TMP) for merging on a daily basis.

34. In the merge process reprint, supplement, and caption tapes from both companies are merged into a single tape which contains all listings.

35. Until GTEC began providing interLATA DA in the 805 NPA and interstate DA, GTEC used the shared data base only for 411 (intraLATA) DA whereas Pacific used the shared information for interLATA and intraLATA purposes.

36. GTEC bears one-half the cost associated with creating the data base plus all costs associated with providing GTEC with copies of the data base.

37. Pacific intends to begin negotiating with GTEC regarding compensation for the use of the shared data base for GTEC's interstate DA service.

38. On September 28, 1984, Pacific was advised by AT&T-C that effective October 6, 1984, AT&T-C would be rehoming its interLATA 805 NPA traffic to GTEC. On October 15, 1984, GTEC requested that Pacific take a portion of GTEC's Southern California intraLATA DA traffic because of its lack of facilities to provide adequate service.

39. Pacific requests reparations in the amount of $1.6 million for lost revenues associated with the NPA 805 traffic volumes.

40. Should the Commission find that competitive intrastate interLATA DA is in the best interest of the California ratepayer. Pacific should be authorized a rate of 23.5¢ per call.

41. The monthly charge to GTEC by Pacific for creating merged data bases for the 714, 619, and 805 NPAs should be raised from $35,594 to $96,000.

42. The value of Pacific's data base is between $20 and $35 million and GTEC's data base is $10 to $15 million.

43. Pacific has multiple data bases that include listing information.

44. The same operator group of Pacific responds and provides listings for interstate, intrastate interLATA, and 411 DA requests.

45. The additional cost to provide DA service without the DAS-V conversion would be $3.1 million.

Argument

In its briefs, Pacific argued that:

1. GTEC's proposed price of $0.245 is based on a very shaky foundation.

2. Figures that have been included in the study were developed without regard for actual and current facts and cannot be used as the basis for Commission action.

3. Pacific's cost of providing DA service is $0.232 per call.

4. The facts on this record establish that GTEC's true cost of service for 1986 is in excess of 28¢ per call and cannot be reasonably expected to fall below 26¢ per call for some time if at all.

5. Pacific's uncontested AWT is six seconds less than the lowest AWT GTEC has experienced to date.

6. Pacific carries over 800 million calls annually on 10 ACDs while GTEC used 4 ACDs in 1986 to handle 145 million calls and found it necessary to add a fifth ACD to process an estimated total of 203 million calls.

7. The use of an AWT actually encountered by GTEC of 28.5 seconds per call raises 1986 costs by over 4¢ per call.

8. A competing service should not be approved until a clear and convincing demonstration is made that the proposed provider has the current capability to operate in a more efficient manner than the existing provider and that it can provide the service at materially less cost than the existing provider.

9. GTEC included several items--DAS-V, PRS, NPA Digitized Voice removal and projected Operator Data Base improvements--in its determination of AWT savings used in the cost study, even though most have not yet been experienced, which is contrary to the principle that only known, established results should be used for the approval of competitive services.

10. The test of 12 operators out of an operator force of 850 produces meaningless results that cannot be used to support a prediction of the behavior of all GTEC's DA operators.

11. Use of an AWT of 24.5 seconds is consistent with the AWT GTEC most recently provided to the FCC (October 1986) for its interstate DA service and produced a cost per call of $0.268.

12. GTEC stated that to handle the intrastate, interLATA DA traffic will require an additional 23 operators, but held its

training expenses including these new operators at the same level forecasted if its proposed service was not approved.

13. The costs to GTEC to continue to receive listings updates in the current format after Pacific converts to WIN will be approximately $152,000 per month and, further, Pacific expects to be compensated for GTEC's use of merged listings data.

14. Even though GTEC began providing intrastate interLATA service to AT&T-C in October 1984, it made no filing of any kind with the Commission until March 1986. Thus, for approximately 1-1/2 years, GTEC provided a public utility service without providing the Commission, the public, or its competitors any opportunity to examine the reasonableness of such service, as required by law and Commission rule.

15. By providing intrastate interLATA DA service to AT&T-C in the 805 NPA, GTEC deprived Pacific of a customer which rightfully belonged to Pacific.

16. As Pacific was, and is, the only authorized provider of intrastate, interLATA DA service in California, any revenues received for such service should belong to Pacific. Therefore, the Commission should find that GTEC's charges for provision of intrastate, interLATA DA service in the 805 NPA were unreasonable, and should order GTEC to restore to Pacific those amounts, which should have been paid to Pacific.

17. Reparations to Pacific from GTEC in the amount of actual volumes experienced by GTEC times Pacific's tariffed amount minus experienced saved expenses should be ordered for GTEC for the unauthorized provision of intrastate interLATA DA service to AT&T-C in the 805 NPA.

18. Pacific provides more than adequate intrastate interLATA service by means of two DOCs, 10 ACDs, 36 OSCs, and approximately 3,900 operators with an AWT of 19.3 seconds, an average speed of answer of 7.3 seconds, and with a customer satisfaction level of 91%.

19. If the competition is not approved, Pacific should be permitted to retain its present rate of $.33 per call because if forced to reduce its rates to $.235, it will suffer a revenue shortfall of $4.5 million and the profit on the calls would no longer provide a significant contribution to the benefit of Pacific's ratepayers.

20. If the status quo is maintained, it should be maintained in its entirety. If it is changed, commensurate changes in compensation for the use of listings should be made on an ongoing basis.

21. If the Commission determines that competition is in the best interest of California's ratepayers, Pacific must be permitted to make a competitive response in the form of a revision to its access tariff.

III. Position of AT&T-C

Evidence

AT&T-C made no evidentiary showing in this proceeding.

Argument

In its brief AT&T-C argued that:

1. AT&T-C fully supports Advice Letter 4999 and believes both AT&T-C and its interLATA customers will benefit from the availability of a DA provider that offers the highest quality service at the least cost.

2. If GTEC is precluded from offering the proposed service, Pacific will neither reduce its rates nor improve its service.

3. Pacific set its 1986 interstate DA rate at 27.43¢ per call and filed a 1987 interstate rate of 25.66¢ per call using FCC Rules and Regulations, Parts 67 and 69 to allocate the costs.

4. Pacific computes its costs to be 23.2¢ per call based on a "bottoms up" embedded direct cost study. If GTEC is precluded from providing intrastate interLATA DA service Pacific plans to

leave its rate of 33¢ per call, a 42% profit, showing complete disregard for the interests of interLATA ratepayers.

5. Pacific uses the same equipment and operators to provide local 411, intrastate interLATA and interstate DA calls but charges 25¢ per call for local 411 after five free calls for residential and two free calls for business, nothing for intraLATA foreign NPA, 33¢ per call for intrastate interLATA calls and 27.63¢ per call for interstate calls.

6. Marginal loss of intrastate interLATA business, less than 6% statewide and less than 1% for Southern California, is far outweighed by advantages resulting from competition.

7. Operator services are geared to make changes on a monthly basis so there is no support for Pacific's allegation of significant stranded plant or substantial additional expense.

8. Approval of GTEC's Advice Letter 4999 will drive intrastate interLATA DA access rates to cost.

9. Pacific has offered no explanation why interLATA DA ratepayers should subsidize intraLATA DA ratepayers.

IV. Discussion

General

The component parts of this matter requiring resolution are:

1. Competitive Aspects
2. Cost of Providing the Service
3. Data Base Treatment
4. NPA 805 Service

Competitive Aspects

GTEC notes that it currently provides local 411 DA service, intrastate interLATA 555-1212 DA service, interstate DA service, and intrastate interLATA service to AT&T-C in the 805 NPA. The requested service would enable GTEC to provide the full range

of DA services now offered by Pacific. According to GTEC not only will the proposed service be economically attractive to IEXs because of its lower rate, it will also provides features not currently provided by Pacific such as:

1. Merged data bases for 213/818 and 619/714 NPAs permitting the same operators to provide callers with listings that appear in multiple NPAs in contrast to Pacific's operators that are only able to provide callers with the listings for a single NPA.

2. A reconnect feature that reconnect the caller to an operator if he/she stays on the line after having been given a listing permitting the caller to obtain two listings on a single call, and

3. The use of a state-of-the-art ACDs serving up to 40 operator positions and permitting calls to be routed to alternate ACDs for handling as well as providing status reports of the trunks, gates, positions and operators using video displays and automatic printouts.

This position is fully supported by AT&T-C who alleges that public interest is clearly benefited by the ability of GTEC to provide intrastate interLATA directory as a part of its access services. According to AT&T-C it is clear from the evidence that improvements in both quality and price can be achieved by allowing GTEC to offer this service in competition with Pacific. Furthermore, according to AT&T-C, Pacific has treated its access service simply as a source of monopoly profit and this lack of concern for the interLATA ratepayer is only now being addressed by Pacific in the face of the potential loss of portion of its DA business. AT&T-C further notes that competition benefits the customer because it causes companies to introduce new service enhancements more quickly in order to differentiate their products

and forces companies to operate more efficiently and to reflect that efficiency in reduced prices.

In this case, we are faced with an unusual competitive situation. Given an up-to-date data base of subscriber listings, it is apparent that any number of telecommunications firms (some utilities, others unregulated) could provide interexchange DA service; all that is necessary is the right equipment, some staff, and an access connection to an IEC. We agree with AT&T-C that subscribers would probably see cost reductions and service improvements as a result. The key circumstance that has permitted this competition to break out is the sharing of the local DA databases by General and Pacific for the primary purpose of offering a seamless 411 service on a local basis. Of course, Pacific has been using the joint database to provide interexchange DA service for some years now.

While the special circumstances of this situation confine the present competition to Pacific and General, others might want access to similar listings. Tariffs already exist for the provision of listings to competitive publishers of telephone directories. There is some dissatisfaction with how listings are now shared for competitive directories (C.88-06-031), although ratepayers have a significant stake in the contribution that local telephone company directories now provide to help keep basic rates affordable. At an appropriate time, we should consider whether to offer broader access by competitors to the listings, as there may be significant value in other uses. Ratepayers might also need protection from exploitative or annoying use of their published telephone number and address, especially where privacy is a concern.

These issues go beyond this case. Here, we must decide whether to permit General to implement its contract with AT&T-C. Because we expect benefits from this form of competition, we will do so. We will address the broader questions regarding competitive

Cost of Service

GTEC's cost study was prepared using procedures found in Parts 67 and 69 of the FCC's Rules and Regulations, the same costing methodology used to support GTEC's interstate DA rate which became effective in July 1986. The study apportions all of GTEC's investments, operating expenses, and taxes between the interstate and intrastate jurisdictions and each of the Part 69 rate categories. Under these procedures all of the operating overheads and directly attributable costs related to the provision of each service are allocated to that jurisdiction and/or rate category. Directly attributable costs are those costs directly associated with providing the service such as operator wages, switchboard investment, operator overheads, depreciation, and payroll taxes. These costs are allocated to the DA service in accordance with weighted standard work seconds. The common costs are allocated to the jurisdiction and rate categories, including DA service, on the basis of various percentage distributions of the directly attributable expenses and plant. GTEC's study reflected a 12.75% ROR and yielded a rate per call of $.245. The study was updated to reflect known vendor cost changes, the updated amount of investment associated with GTEC's ACDs that should be allocated to new service, the rerouting of all 213/818 and 619/714 DA traffic through the fifth ACD, the then authorized ROR of 12.64%, increased operator wages to eliminate 1.5 seconds associated with data base and 1.0 second AWT savings associated with NPA 805 voice response and increased investment for PRS. The net impacts of the above changes on the cost per call was an increase of $.000737.

Operator wages account for approximately two-thirds of the total traffic expense. The principal driver of operator labor costs is the AWT. Because DA service is very labor intensive, AWT is the single most important element to be identified in a DA cost study. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

CORRECTION

THIS DOCUMENT HAS

BEEN REPHOTOGRAPHED

TO ASSURE

LEGIBILITY

access to directory listings in a later proceeding (such as an OII) following our Phase II decision in I.87-11-033, as our holding there will probably affect how these issues should be addressed generally.

Pacific takes the position that GTEC does not meet the historical test for competition which provides that either: (1) the existing provider was failing in its duty to provide an adequate service at a reasonable rate, or (2) the new provider could provide the same or better service at materially lower rates. Pacific acknowledges that the above test has been established with reference to the provision of service within franchise areas but contends that the same test logically applies to this situation.

GTEC argues that Pacific has misconstrued the nature of this proceeding and misstates the law regarding what must be established in a proceeding to obtain certification where the proposed service only involves limited competition with an existing service provider.

The historical test for competition espoused by Pacific is applicable in those instances where one entity seeks a certificate of public convenience and necessity (CPC&N) for an area already served by a certificated utility. That is an entirely different situation than a matter such as this where a utility seeks the right to offer a limited service in competition with an existing provider of the same service. Granting the utility its request does not preclude the original provider from competing for the right to provide such service. Under these circumstances, we cannot accept Pacific's position as valid.

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Operator wages account for approximately two-thirds of the total traffic expense. The principal driver of operator labor costs is the AWT. Because DA service is very labor intensive, AWT is the single most important element to be identified in a DA cost study. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

According to Pacific the AWT GTEC can reasonably expect for the foreseeable future is between 24 and 25 seconds. According to Pacific this number is derived from the actual measurement of GTEC's AWT reduced by a reasonable projection of DAS-V savings shown in actual working condition. Using this higher AWT, Pacific derived a cost per call of around $0.266. Based on this figure Pacific alleges that GTEC's true cost per call is between $0.26 and $0.28 rather than the $.245 claimed by GTEC.

In A.87-01-002, GTEC's general rate application, GTEC computed its traffic expenses using an AWT of 20.4 seconds whereas the Commission's Division of Ratepayer Advocates (DRA) based its estimates of an AWT of 19.8 seconds. In D.88-08-061, dated August 24, 1988, on that matter the Commission adopted an AWT of 19.8[1] seconds. When consideration is given to the fact that GTEC's authorized ROR is currently lower than the 12.62% ROR used in GTEC's updated cost study, it appears that $0.245 per call would cover the full cost of providing intrastate interLATA DA service with an AWT of either 20.4 or 19.8 seconds.

Pacific requested and was granted authority to present a cost study using a different methodology than used by GTEC. According to this study, Pacific's direct cost of providing the service is $.232 per call and its fully allocated cost is $.252 per call. If this Commission approves GTEC's advice letter, Pacific requests that it be permitted to reduce its intrastate interLATA rate to $.235 based on the above cost study. First of all, the study does not include an allocation for general overheads. The inclusion of such overheads raises the cost by $.02 per call to $.252. Secondly, Pacific's study is not directly comparable to

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1 On October 7, 1988 GTEC filed an Application for Rehearing of D.88-08-061; one of the items for which rehearing is requested is the 19.8 AWT. Rehearing on this item was denied by D.88-12-101 dated December 19, 1988.

GTEC's. Presumably, were Pacific to use the same methodology as GTEC, the cost per call would be higher than indicated by Pacific's study. It would not be appropriate to set competitive rates on differently prepared cost studies. And thirdly, this proceeding is not the proper vehicle for the establishment of intrastate interLATA rates for Pacific. Should Pacific desire to establish lower rates than presently set forth in its tariffs, it should file an appropriate advice letter including a cost study similar to GTEC's so that we can set rates for Pacific that do not provide any cross-subsidization.

Merging Data Bases

At the present time GTEC and Pacific provide all of their respective DA listings for the 213, 619, 714, 805, and 818 NPAs to the TMP which merges the listings into a simple, combined data base for each NPA. The merged listings are then sent to Pacific to produce a master reprint data base for each NPA. The reprint data bases for each NPA are then provided to GTEC in accordance with an agreement which provides for GTEC to pay Pacific one-half the cost of maintaining the joint data base plus all of the cost incurred by Pacific to provide GTEC with copies of the merged data bases.

Testimony was presented by Pacific indicating that it appears that GTEC is in fact paying only about 19% for these services and this arrangement has been the status quo since the time it was created by an exchange of letters in the 1978 to 1980 time frame. GTEC has stated it intends to study Pacific's claim carefully to determine whether it is legitimate or only a ploy raised to confuse the issues in this proceeding. Such information is obviously of interest to this Commission. Consequently the order that follows will require GTEC and Pacific to review the matter and submit the results of such review to us. If GTEC needs to pay additional monies to Pacific because of inadvertent underpayments, the approved intrastate interLATA DA tariff will be adjusted accordingly.

It is GTEC's position that only by merging GTEC's and Pacific's DA listings are Pacific and GTEC both able to provide quality local DA service in Southern California where the exchange areas of the two companies are intermingled. GTEC further alleges that the merger process is particularly important for those many cities and communities which were divided between more than one NPA and that in order to provide DA service to the residents of these split communities, both GTEC and Pacific must have access to the entire DA data base for each of the five NPAs.

Pacific notes that under the existing arrangement between Pacific and GTEC each allows its listings in the merged data base to be used by the other for provision of local DA service. GTEC also allows Pacific to use its listings to provide intraLATA, interLATA, and interstate DA while Pacific allows GTEC to use its listings to provide intraLATA DA only. It is Pacific's position that the status quo regarding the use of listings for provision of DA service should remain intact. Should the status quo change in any way, it is Pacific's position that there should be compensation for any new use of the listings. Pacific would regard competition in the provision of interLATA DA a change in the status quo and if allowed, would expect to begin negotiations with GTEC to determine appropriate compensation.

We note that, Local "411" information calls represent, by far, the bulk of all DA calls. It is axiomatic that for Pacific and GTEC to provide such service in accordance with accepted standards of performance, it is essential to have a merged data base with access to the data by both Pacific and GTEC in the NPAs served by these utilities. Futhermore, because of the way DA service evolved, Pacific is presently able to use the merged data base in intrastate interLATA DA service because it is presently providing such service.

Ideally, it would seem that General and Pacific should distinguish the use of pooled listings for monopoly 411 service

from the use of the same listings for a competitive service like interexchange DA. Neither General nor Pacific should be required to offer the use of a valuable database to the other for competitive use without compensation. In this case, the circumstances are muddied by Pacific's prior use without compensation of General's listings in the same manner General now proposes to use those of Pacific. This became an issue only when General decided to challenge Pacific's traditional monopoly and offer competing service. As has been the case in many other telecommunications market segments, the outbreak of competition here does not fit neatly into existing institutional arrangements.

Because Pacific has used General's listings without charge for this service, we will permit General to use Pacific's listings without charge on an interim basis. We expect to change this arrangement and institute some form of compensation in our subsequent proceeding on this matter. Pacific and General should confer about an appropriate form for this compensation so that they will be prepared to discuss proposals on the record at that time. We also expect to link compensation to the issue of broader industry access to the listings for competitive purposes. In the interim, Pacific and General should continue to merge their listings for the convenience of customers calling 411, and should continue sharing the costs of merging on the present basis.

At the present time, GTEC has no access to the data bases for other than the 213, 619, 714, 805, and 818 NPAs. Consequently for GTEC to provide its proposed DA service in these other NPAs it will be necessary for it to obtain access to these other data bases. We will not at this time authorize GTEC to offer intrastate interLATA DA service to these other NPAs. Should GTEC be able to make arrangements to obtain access to these other data bases, it can file an advice letter for authority to provide the service to these other NPAs. Such a filing should contain a cost study

justifying the rates proposed for the other NPAs. We will consider the matter further at that time.

805 NPA DA Service

On October 6, 1984 GTEC began offering intrastate interLATA DA service on a trial basis to AT&T-C in the 805 NPA in accordance with a written contract between GTEC and AT&T-C. A copy of the agreement was provided to Dean Evans in the Commission Advisory and Compliance Division (CACD). According to the record GTEC did not file the agreement with this Commission because it concluded such a filing was unnecessary because the agreement was similar to traffic agreements with other carriers that did not have to be filed with this Commission. GTEC planned to file a tariff for the service if the trial was a success.

On September 28, 1984 Pacific was advised by AT&T-C that effective October 6, 1984, AT&T-C would be rehoming its interLATA 805 NPA DA traffic to GTEC.

As previously summarized under Pacific's arguments, Pacific objects and asks for reparations.

We are not persuaded that Pacific's position is valid for two reasons. First of all, GTEC contacted our staff prior to offering the service. Our staff did not advise GTEC to submit the agreement to us for approval. It appears that GTEC acted in good faith in its attempts to comply with Commission requirements. Secondly, the record shows that Pacific was informed on September 28, 1984 that the service would be provided by GTEC effective October 6, 1984. That was the time for Pacific to act to negate the act by filing a petition for a cease and desist order. Pacific's failure to make such a filing could reasonably be interpreted as implied consent to the action. Under these circumstances, we will not order the reparations requested by Pacific.

V. Comments on Proposed Decision

General

As provided in Section 311 of the Public Utilities Code, ALJ Johnson prepared a Proposed Decision which was filed with the Commission and served on all parties on December 29, 1988. Rules 77.1 through 77.5 of this Commission's Rules of Practice and Procedure permit parties to file comments on such a Proposed Decision within 20 days of its date of mailing or January 18, 1989 and reply comments five days later.

Comments and/or Reply Comments were filed by GTEC, Pacific, and AT&T-C. GTEC's comments were logged in our San Francisco office on January 19, 1989, one day after the due date of January 18, 1989. Under these circumstances our Docket Clerk did not file the comments. On February 2, 1989 GTEC filed a motion for leave to file late stating that the comments were proffered to our office on the due date, January 18, 1989, but for some reason were not accepted until January 19, 1989. GTEC's explanation appears reasonable and we will, therefore, grant GTEC's motion and accept the comments.

Comments by GTEC

GTEC believes the decision to be fair and well balanced and fully supported by the evidentiary record but recommends two minor changes to order as follows:

1. Conclusion of Law 4 states that if it is found that GTEC has inadvertently underpaid its share of the costs of maintaining the joint data bases for the five Southern California NPAs "the underpayment, on a cost-per-call basis, should be added to the approved interstate interLATA DA cost per call" (p. 32). GTEC notes there is a substantial cushion built into the adopted rate resulting from the use of an AWT of 19.8 seconds rather than General's proposed 20.4 seconds and our currently adopted ROR of 11.13% rather than the 12.64% used in GTEC's cost studies.

Consequently it is GTEC's position that the cost-per-call rate should only be increased if GTEC determines the additional data base costs exceed the savings associated with the shorter AWT and lesser ROR. When consideration is given to the fact that General has not yet achieved the specified 19.8 second AWT on a system wide basis, we are not persuaded by GTEC's logic. Consequently we will not adopt GTEC's proposed change.

2. GTEC also recommends that the decision become effective the date it is approved by this Commission to preclude its being suspended by an application for rehearing filed by Pacific 10 or more days prior to the decision's effective date. This recommended change is supported by AT&T-C. We will reject this proposal to permit careful consideration of each and every issue raised in the proceeding prior to the implementation of the order.

Comments of Pacific

Pacific alleges that the proposed decision has erred in that it erroneously permits competition, improperly recognizes incorrect costs for GTEC's service, and improperly denies compensation for the use of Pacific's listing.

Pacific first alleges the determination that access to multiple NPAs and General's "reconnect" feature constitute consumer benefits is unsupported by the record. These features were listed by GTEC as benefits it would offer prospective customers in addition to economically attractive rates. We made no determination that such features were beneficial to prospective consumers. Our motivation in permitting GTEC to provide intrastate interLATA DA service is "fostering competition as a means of improving service and reducing costs" (p. 23). It should be noted that when faced with competition Pacific immediately proposed substantially reduced rates thereby validating our utilization of competition as a vehicle for achieving reduced rates for DA service. Pacific further alleged that no consideration was given to its more efficient operation. Such consideration is unnecessary

because we are not excluding Pacific from the competition but merely authorizing General to compete and are thereby letting the marketplace make the decision as to which utility will provide the most satisfactory service. It is Pacific's further position that the revenue resulting from the loss of DA service should be accounted for in a balancing account that could be offset against any future reductions considered by the Commission. We find this position without merit because we are not ordering any revenue reduction but merely authorizing General to compete with Pacific for the business.

Pacific questions our findings that the proposed rate covers the cost of service. The record clearly shows that General developed fully allocated cost studies based on Parts 67 and 69 of the FCC rules and regulations. These studies support our findings that the proposed rate covers the cost of service and, therefore, we find Pacific's position to be without merit.

Finally Pacific alleges that the proposed decision denies any compensation to it for the use of its listing in what will be a competitive service. As noted by Pacific the decision states that it is essential to have a merged data base with access to the data by both Pacific and GTEC to provide local "411" information in accordance with accepted standards of performance and since the intrastate interLATA DA service considered herein represents such a relatively small portion of the total DA calls, consideration of compensation to the utility furnishing the DA information is inappropriate. This decision differs from the proposed decision in that we endorse the concept of compensation, although we do not order that General pay Pacific any compensation at this time. As previously discussed, Pacific and General are in nearly the same position vis a vis competitive DA service -- each pays half the costs of supporting the merged database, and each supplies listings for which the other might pay compensation. The difference between the position of Pacific and General is that Pacific has been using

General's share of the listings to provide interLATA DA service for years, and Pacific has never paid General any compensation. The record clearly supports both our position of allowing General the same prerogative on an interim basis that Pacific has enjoyed up to now (the ability to use the merged listings without paying compensation), and our decision to consider an appropriate form of compensation along with an overall examination of access to listings in a later proceeding.

Comments of AT&T-C

AT&T-C submitted only reply comments which addressed the benefits of competition and the effective date of the order. AT&T-C notes, as stated above that Pacific's offering of reduced rates for intrastate service provide a clear foundation in the record for a finding that lower prices and more cost-effective services result when competition is imposed. AT&T-C also notes that it has waited since March 1986 to be able to purchase intrastate interLATA from GTEC on a tariffed bases and the 30-day notice period and further potentially longer delays for rehearings would unnecessarily delay the introduction of a competitive offering. As previously stated, we believe the 30-day notice period is essential.

VI. Findings and Conclusions

Findings of Fact

1. GTEC in Advice Letter 4999 filed March 4, 1986 and supplemented on April 10, April 30, and May 13, 1986, respectively requested authority to provide intrastate interLATA DA to IEXs.

2. Pacific protested the advice letter on March 24, 1986 resulting in our instituting (I&S) C.86-06-004.

3. GTEC currently provides local 411 DA service, intrastate intraLATA 555-1212 DA service, interstate DA service and intrastate interLATA service to AT&T-C in the 805 NPA.

4. GTEC's proposed intrastate interLATA DA service will provide merged data bases for the 213/818 and 619/714 NPAs permitting the same operators to provide callers with listings that appear in multiple NPAs and a reconnect feature that will permit the caller to obtain two listings on a single call.

5. Granting GTEC authority to offer intrastate interLATA DA service will be in keeping with the general policy of regulatory agencies throughout the country of fostering competition as a means of improving service and reducing costs.

6. GTEC is not requesting a CPC&N type service.

7. GTEC's cost study was prepared using procedures found in Parts 67 and 69 of the FCC's Rules and Regulations.

8. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

9. In D.88-08-061 this Commission adopted an AWT for GTEC of 19.8 seconds.

10. At the currently authorized ROR of 11.13%, GTEC's proposed charge of $0.245 per call would cover the full cost of providing intrastate interLATA DA service with an AWT of either 20.4 or 19.8 seconds.

11. GTEC's and Pacific's cost studies were prepared using different methodologies and are, therefore, not directly comparable.

12. The purpose of this proceeding was to determine whether or not GTEC's proposed intrastate interLATA DA service should be approved.

13. Under the terms of an agreement between Pacific and GTEC, GTEC pays Pacific one-half of the cost of maintaining the joint data base plus all of the cost incurred by Pacific to provide GTEC with copies of the merged data bases.

14. Testimony was presented by Pacific to the effect that GTEC is paying 19% rather than the agreed upon 50% of the costs of maintaining the joint data bases.

15. Local 411 information calls represent the bulk of all DA calls.

16. For Pacific and GTEC to provide local 411 service in accordance with accepted standards, it is essential for both to have access to the merged data bases.

17. Since Pacific has until now used the merged data base to provide interLATA DA service without paying compensation to GTEC and since GTEC provides listings to the merged data base and pays half of its costs on the same basis as Pacific, GTEC should be permitted on an interim basis to use the merged data base to provide interLATA DA service without paying compensation to Pacific.

18. It is appropriate to consider compensation for competitive use of the merged data base in conjunction with an overall examination in a subsequent proceeding of the Commission's policies regarding access to local telephone company listings.

19. GTEC presently does not have access to data bases for other than the 213, 619, 714, 805, and 818 NPAs.

20. On October 6, 1984 GTEC began offering intrastate interLATA DA on a trial basis to AT&T-C in the 805 NPA in accordance with a written agreement between GTEC and AT&T-C. A copy of the agreement was provided to CACD.

21. GTEC did not file a copy of the above agreement with this Commission because it felt such a filing was unnecessary, and under the particular circumstances, it appears that GTEC acted in good faith in its attempts to comply with Commission requirements.

22. On September 28, 1984 Pacific was advised by AT&T-C that effective October 6, 1984 AT&T-C would be rehoming its interLATA 805 NPA DA traffic to GTEC.

23. Pacific took no action as a result of being informed that AT&T-C was transferring its intrastate interLATA DA service for the 805 NPA from Pacific to GTEC.

Conclusions of Law

1. The historical test for competition which provides that either: (1) the existing provider was failing in its duty to provide an adequate service at a reasonable rate or, (2) the new provider could provide the same or better service at materially lower rates is inapplicable in this matter.

2. This proceeding is an inappropriate vehicle for the determination of an intrastate interLATA DA rate for Pacific.

3. A review of the monies paid Pacific by GTEC for maintaining the joint data bases should be made to determine whether or not GTEC is paying the agreed-upon amount.

4. If it is determined by the review specified in Conclusion 3 that GTEC is inadvertently underpaying its share of the joint data base maintenance costs, the underpayment, on a cost per call basis, should be added to the approved intrastate interLATA DA cost per call.

5. The status quo with respect to the sharing of costs for merged data bases should be retained irrespective of whether GTEC or Pacific provides the intrastate interLATA DA service.

6. GTEC should be authorized to provide intrastate interLATA DA service only to the 213, 619, 714, 805, and 818 NPAs at this time.

7. Pacific's lack of action upon being informed that AT&T-C was transferring its intrastate interLATA DA service to GTEC can be construed as implied consent to such action.

8. Pacific is entitled to no reparations as a result of GTEC providing intrastate interLATA DA service to AT&T-C in the 805 NPA.

O R D E R

IT IS ORDERED that:

1. Seven days after the effective date of this order GTE California Incorporated (GTEC) is authorized to file revised tariff sheets as set forth in Advice Letter 4999 with Section A.4.b.2 of the tariff modified to read:

> (2) A maximum of two requests for telephone numbers will be processed per access to the Directory Assistance operator.

Such filing shall comply with the General Order 96 series. The effective date of the revised tariff schedules shall be 10 days after filing. Revised schedules shall apply only to service rendered on or after the effective date.

2. Within 60 days after the effective date of this decision, GTEC and Pacific Bell (Pacific) shall complete a review of the monies paid Pacific by GTEC by maintaining the joint data bases and submit the results of the review to the Commission Advisory and Compliance Division.

This order becomes effective 30 days from today.

Dated March 22, 1989, at San Francisco, California.

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

Commissioner Patricia Eckert present but not participating.

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

Victor Weisser, Executive Director

and forces companies to operate more efficiently and to reflect that efficiency in reduced prices.

Regulatory agencies throughout the country, including this Commission, are fostering competition as a means of improving service and reducing costs. In keeping with this general policy we will permit GTEC to offer intrastate interLATA service in Southern California and provide a vehicle for the future provision of such service on a statewide basis.

Pacific takes the position that GTEC does not meet the historical test for competition which provides that either: (1) the existing provider was failing in its duty to provide an adequate service at a reasonable rate, or (2) the new provider could provide the same or better service at materially lower rates. Pacific acknowledges that the above test has been established with reference to the provision of service within franchise areas but contends that the same test logically applies to this situation.

GTEC argues that Pacific has misconstrued the nature of this proceeding and misstates the law regarding what must be established in a proceeding to obtain certification where the proposed service only involves limited competition with an existing service provider.

The historical test for competition espoused by Pacific is applicable in those instances where one entity seeks a certificate of public convenience and necessity (CPC&N) for an area already served by a certificated utility. That is an entirely different situation than a matter such as this where a utility seeks the right to offer a limited service in competition with an existing provider of the same service. Granting the utility its request does not preclude the original provider from competing for the right to provide such service. Under these circumstances, we cannot accept Pacific's position as valid.

Cost of Service

GTEC's cost study was prepared using procedures found in Parts 67 and 69 of the FCC's Rules and Regulations, the same costing methodology used to support GTEC's interstate DA rate which became effective in July 1986. The study apportions all of GTEC's investments, operating expenses, and taxes between the interstate and intrastate jurisdictions and each of the Part 69 rate categories. Under these procedures all of the operating overheads and directly attributable costs related to the provision of each service are allocated to that jurisdiction and/or rate category. Directly attributable costs are those costs directly associated with providing the service such as operator wages, switchboard investment, operator overheads, depreciation, and payroll taxes. These costs are allocated to the DA service in accordance with weighted standard work seconds. The common costs are allocated to the jurisdiction and rate categories, including DA service, on the basis of various percentage distributions of the directly attributable expenses and plant. GTEC's study reflected a 12.75% ROR and yielded a rate per call of $.245. The study was updated to reflect known vendor cost changes, the updated amount of investment associated with GTEC's ACDs that should be allocated to new service, the rerouting of all 213/818 and 619/714 DA traffic through the fifth ACD, the then authorized ROR of 12.64%, increased operator wages to eliminate 1.5 seconds associated with data base and 1.0 second AWT savings associated with NPA 805 voice response and increased investment for PRS. The net impacts of the above changes on the cost per call was an increase of $.000737.

Operator wages account for approximately two-thirds of the total traffic expense. The principal driver of operator labor costs is the AWT. Because DA service is very labor intensive, AWT is the single most important element to be identified in a DA cost study. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

According to Pacific the AWT GTEC can reasonably expect for the foreseeable future is between 24 and 25 seconds. According to Pacific this number is derived from the actual measurement of GTEC's AWT reduced by a reasonable projection of DAS-V savings shown in actual working condition. Using this higher AWT, Pacific derived a cost per call of around $0.266. Based on this figure Pacific alleges that GTEC's true cost per call is between $0.26 and $0.28 rather than the $.245 claimed by GTEC.

In A.87-01-002, GTEC's general rate application, GTEC computed its traffic expenses using an AWT of 20.4 seconds whereas the Commission's Division of Ratepayer Advocates (DRA) based its estimates of an AWT of 19.8 seconds. In D.88-08-061, dated August 24, 1988, on that matter the Commission adopted an AWT of 19.8[1] seconds. When consideration is given to the fact that GTEC's authorized ROR is currently 10.9% rather than the 12.62% ROR used in GTEC's updated cost study, it appears that $0.245 per call would cover the full cost of providing intrastate interLATA DA service with an AWT of either 20.4 or 19.8 seconds.

Pacific requested and was granted authority to present a cost study using a different methodology than used by GTEC. According to this study, Pacific's direct cost of providing the service is $.232 per call and its fully allocated cost is $.252 per call. If this Commission approves GTEC's advice letter, Pacific requests that it be permitted to reduce its intrastate interLATA rate to $.235 based on the above cost study. First of all, the study does not include an allocation for general overheads. The inclusion of such overheads raises the cost by $.02 per call to $.252. Secondly, Pacific's study is not directly comparable to GTEC's. Presumably, were Pacific to use the same methodology as

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GTEC, the cost per call would be higher than indicated by Pacific's study. It would not be good ratemaking to set competitive rates on differently prepared cost studies. And thirdly, this proceeding is not the proper vehicle for the establishment of intrastate interLATA rates for Pacific. Should Pacific desire to establish lower rates than presently set forth in its tariffs, it should file an appropriate advice letter including a cost study similar to GTEC's so that we can set rates for Pacific that do not provide any cross-subsidization.

Merging Data Bases

At the present time GTEC and Pacific provide all of their respective DA listings for the 213, 619, 714, 805, and 818 NPAs to the TMP which merges the listings into a simple, combined data base for each NPA. The merged listings are then sent to Pacific to produce a master reprint data base for each NPA. The reprint data bases for each NPA are then provided to GTEC in accordance with an agreement which provides for GTEC to pay Pacific one-half the cost of maintaining the joint data base plus all of the cost incurred by Pacific to provide GTEC with copies of the merged data bases.

Testimony was presented by Pacific indicating that it appears that GTEC is in fact paying only about 19% for these services and this arrangement has been the status quo since the time it was created by an exchange of letters in the 1978 to 1980 time frame. GTEC has stated it intends to study Pacific's claim carefully to determine whether it is legitimate or only a ploy raised to confuse the issues in this proceeding. Such information is obviously of interest to this Commission. Consequently the order that follows will require GTEC and Pacific to review the matter and submit the results of such review to us. If GTEC needs to pay additional monies to Pacific because of inadvertent underpayments, the approved intrastate interLATA DA tariff will be adjusted accordingly.

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It is GTEC's position that only by merging GTEC's and Pacific's DA listings are Pacific and GTEC both able to provide quality local DA service in Southern California where the exchange areas of the two companies are intermingled. GTEC further alleges that the merger process is particularly important for those many cities and communities which were divided between more than one NPA and that in order to provide DA service to the residents of these split communities, both GTEC and Pacific must have access to the entire DA data base for each of the five NPAs.

Pacific notes that under the existing arrangement between Pacific and GTEC each allows its listings in the merged data base to be used by the other for provision of local DA service. GTEC also allows Pacific to use its listings to provide intraLATA, interLATA, and interstate DA while Pacific allows GTEC to use its listings to provide intraLATA DA only. It is Pacific's position that the status quo regarding the use of listings for provision of DA service should remain intact. Should the status quo change in any way, it is Pacific's position that there should be compensation for any new use of the listings. Pacific would regard competition in the provision of interLATA DA a change in the status quo and if allowed, would expect to begin negotiations with GTEC to determine appropriate compensation. We disagree. Local "411" information calls represent, by far, the bulk of all DA calls. It is axiomatic that for Pacific and GTEC to provide such service in accordance with accepted standards of performance, it is essential to have a merged data base with access to the data by both Pacific and GTEC in the NPAs served by these utilities. The intrastate interLATA DA service considered herein represents such a relatively small portion of the total DA calls that consideration of compensation to the utility furnishing the DA information is inappropriate. Futhermore, because of the way DA service evolved, Pacific is presently able to use the merged data base in intrastate interLATA DA service because it is presently providing such service. Should

GTEC be able to successfully compete and assume the provision of such service, it appears reasonable to us that it should enjoy the same privilege as Pacific. Consequently, we will retain the status quo with respect to the sharing of costs and provide for the successful contender for the specified service to access the data base at no additional cost.

At the present time, GTEC has no access to the data bases for other than the 213, 619, 714, 805, and 818 NPAs. Consequently for GTEC to provide its proposed DA service in these other NPAs it will be necessary for it to obtain access to these other data bases. We will not at this time authorize GTEC to offer intrastate interLATA DA service to these other NPAs. Should GTEC be able to make arrangements to obtain access to these other data bases, it can file an advice letter for authority to provide the service to these other NPAs. Such a filing should contain a cost study justifying the rates proposed for the other NPAs. We will consider the matter further at that time.

805 NPA DA Service

On October 6, 1984 GTEC began offering intrastate interLATA DA service on a trial basis to AT&T-C in the 805 NPA in accordance with a written contract between GTEC and AT&T-C. A copy of the agreement was provided to Dean Evans in the Commission Advisory and Compliance Division (CACD). According to the record GTEC did not file the agreement with this Commission because it concluded such a filing was unnecessary because the agreement was similar to traffic agreements with other carriers that did not have to be filed with this Commission. GTEC planned to file a tariff for the service if the trial was a success.

On September 28, 1984 Pacific was advised by AT&T-C that effective October 6, 1984, AT&T-C would be rehoming its interLATA 805 NPA DA traffic to GTEC.

As previously summarized under Pacific's arguments, Pacific objects and asks for reparations.

We are not persuaded that Pacific's position is valid for two reasons. First of all, GTEC contacted our staff prior to offering the service. Our staff did not advise GTEC to submit the agreement to us for approval. It appears that GTEC acted in good faith in its attempts to comply with Commission requirements. Secondly, the record shows that Pacific was informed on September 28, 1984 that the service would be provided by GTEC effective October 6, 1984. That was the time for Pacific to act to negate the act by filing a petition for a cease and desist order. Pacific's failure to make such a filing could reasonably be interpreted as implied consent to the action. Under these circumstances, we will not order the reparations requested by Pacific.

V. Findings and Conclusions

Findings of Fact

1. GTEC in Advice Letter 4999 filed March 4, 1986 and supplemented on April 10, April 30, and May 13, 1986, respectively requested authority to provide intrastate interLATA DA to IEXs.

2. Pacific protested the advice letter on March 24, 1986 resulting in our instituting (I&S) C.86-06-004.

3. GTEC currently provides local 411 DA service, intrastate intraLATA 555-1212 DA service, interstate DA service and intrastate interLATA service to AT&T-C in the 805 NPA.

4. GTEC's proposed intrastate interLATA DA service will provide merged data bases for the 213/818 and 619/714 NPAs permitting the same operators to provide callers with listings that appear in multiple NPAs and a reconnect feature that will permit the caller to obtain two listings on a single call.

5. Granting GTEC authority to offer intrastate interLATA DA service will be in keeping with the general policy of regulatory

agencies throughout the country of fostering competition as a means of improving service and reducing costs.

6. GTEC is not requesting a CPC&N type service.

7. GTEC's cost study was prepared using procedures found in Parts 67 and 69 of the FCC's Rules and Regulations.

8. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

9. In D.88-08-061 this Commission adopted an AWT for GTEC of 19.8 seconds.

10. At the currently authorized ROR of 10.90%, GTEC's proposed charge of $0.245 per call would cover the full cost of providing intrastate interLATA DA service with an AWT of either 20.4 or 19.8 seconds.

11. GTEC's and Pacific's cost studies were prepared using different methodologies and are, therefore, not directly comparable.

12. The purpose of this proceeding was to determine whether or not GTEC's proposed intrastate interLATA DA service should be approved.

13. Under the terms of an agreement between Pacific and GTEC, GTEC pays Pacific one-half of the cost of maintaining the joint data base plus all of the cost incurred by Pacific to provide GTEC with copies of the merged data bases.

14. Testimony was presented by Pacific to the effect that GTEC is paying 19% rather than the agreed upon 50% of the costs of maintaining the joint data bases.

15. Local 411 information calls represent the bulk of all DA calls.

16. For Pacific and GTEC to provide local 411 service in accordance with accepted standards, it is essential for both to have access to the merged data bases.

reasonable and we will, therefore, grant GTEC's motion and accept the comments.

Comments by GTEC

GTEC believes the decision to be fair and well balanced and fully supported by the evidentiary record but recommends two minor changes to order as follows:

1. Conclusion of Law 4 states that if it is found that GTEC has inadvertently underpaid its share of the costs of maintaining the joint data bases for the five Southern California NPAs "the underpayment, on a cost-per-call basis, should be added to the approved interstate interLATA DA cost per call" (p. 32). GTEC notes there is a substantial cushion built into the adopted rate resulting from the use of an AWT of 19.8 seconds rather than General's proposed 20.4 seconds and our currently adopted ROR of 11.13% rather than the 12.64% used in GTEC's cost studies. Consequently it is GTEC's position that the cost-per-call rate should only be increased if GTEC determines the additional data base costs exceed the savings associated with the shorter AWT and lesser ROR. When consideration is given to the fact that General has not yet achieved the specified 19.8 second AWT on a system wide basis, we are not persuaded by GTEC's logic. Consequently we will not adopt GTEC's proposed change.

2. GTEC also recommends that the decision become effective the date it is approved by this Commission to preclude its being suspended by an application for rehearing filed by Pacific 10 or more days prior to the decision's effective date. This recommended change is supported by AT&T-C. We will reject this proposal to permit careful consideration of each and every issue raised in the proceeding prior to the implementation of the order.

Comments of Pacific

Pacific alleges that the proposed decision has erred in that it erroneously permits competition, improperly recognizes

incorrect costs for GTEC's service, and improperly denies compensation for the use of Pacific's listing.

Pacific first alleges the determination that access to multiple NPAs and General's "reconnect" feature constitute consumer benefits is unsupported by the record. These features were listed by GTEC as benefits it would offer prospective customers in addition to economically attractive rates. We made no determination that such features were beneficial to prospective consumers. Our motivation in permitting GTEC to provide intrastate interLATA DA service is "fostering competition as a means of improving service and reducing costs" (p. 23). It should be noted that when faced with competition Pacific immediately proposed substantially reduced rates thereby validating our utilization of competition as a vehicle for achieving reduced rates for DA service. Pacific further alleged that no consideration was given to its more efficient operation. Such consideration is unnecessary because we are not excluding Pacific from the competition but merely authorizing General to compete and are thereby letting the marketplace make the decision as to which utility will provide the most satisfactory service. It is Pacific's further position that the revenue resulting from the loss of DA service should be accounted for in a balancing account that could be offset against any future reductions considered by the Commission. We find this position without merit because we are not ordering any revenue reduction but merely authorizing General to compete with Pacific for the business.

Pacific questions our findings that the proposed rate covers the cost of service. The record clearly shows that General developed fully allocated cost studies based on Parts 67 and 69 of the FCC rules and regulations. These studies support our findings that the proposed rate covers the cost of service and, therefore, we find Pacific's position to be without merit.

Finally Pacific alleges that the proposed decision denies any compensation to it for the use of its listing in what will be a competitive service. As noted by Pacific the decision states that it is essential to have a merged data base with access to the data by both Pacific and GTEC to provide local "411" information in accordance with accepted standards of performance and since the intrastate interLATA DA service considered herein represents such a relatively small portion of the total DA calls, consideration of compensation to the utility furnishing the DA information is inappropriate. This is true and fully justified our position on this aspect of the matter. There is, however, additional support for this position on the record which shows that GTEC has been paying Pacific one-half the cost of maintaining the joint data base plus the cost of providing GTEC with a copy of the data base. Such an arrangement would appear to provide for 50-50% joint ownership of the merged data bases. It is axiomatic that under these circumstances no confiscation without compensation exists.

Comments of AT&T-C

AT&T-C submitted only reply comments which addressed the benefits of competition and the effective date of the order. AT&T-C notes, as stated above that Pacific's offering of reduced rates for intrastate service provide a clear foundation in the record for a finding that lower prices and more cost-effective services result when competition is imposed. AT&T-C also notes that it has waited since March 1986 to be able to purchase intrastate interLATA from GTEC on a tariffed bases and the 30-day notice period and further potentially longer delays for rehearings would unnecessarily delay the introduction of a competitive offering. As previously stated, we believe the 30-day notice period is essential.

VI. Findings and Conclusions

Findings of Fact

1. GTEC in Advice Letter 4999 filed March 4, 1986 and supplemented on April 10, April 30, and May 13, 1986, respectively requested authority to provide intrastate interLATA DA to IEXs.

2. Pacific protested the advice letter on March 24, 1986 resulting in our instituting (I&S) C.86-06-004.

3. GTEC currently provides local 411 DA service, intrastate intraLATA 555-1212 DA service, interstate DA service and intrastate interLATA service to AT&T-C in the 805 NPA.

4. GTEC's proposed intrastate interLATA DA service will provide merged data bases for the 213/818 and 619/714 NPAs permitting the same operators to provide callers with listings that appear in multiple NPAs and a reconnect feature that will permit the caller to obtain two listings on a single call.

5. Granting GTEC authority to offer intrastate interLATA DA service will be in keeping with the general policy of regulatory

agencies throughout the country of fostering competition as a means of improving service and reducing costs.

6. GTEC is not requesting a CPC&N type service.

7. GTEC's cost study was prepared using procedures found in Parts 67 and 69 of the FCC's Rules and Regulations.

8. GTEC based its cost study on an AWT of 20.4 seconds derived from the projected AWTs for each of the ACDs within its DA system.

9. In D.88-08-061 this Commission adopted an AWT for GTEC of 19.8 seconds.

10. At the currently authorized ROR of 11.13%, GTEC's proposed charge of $0.245 per call would cover the full cost of providing intrastate interLATA DA service with an AWT of either 20.4 or 19.8 seconds.

11. GTEC's and Pacific's cost studies were prepared using different methodologies and are, therefore, not directly comparable.

12. The purpose of this proceeding was to determine whether or not GTEC's proposed intrastate interLATA DA service should be approved.

13. Under the terms of an agreement between Pacific and GTEC, GTEC pays Pacific one-half of the cost of maintaining the joint data base plus all of the cost incurred by Pacific to provide GTEC with copies of the merged data bases.

14. Testimony was presented by Pacific to the effect that GTEC is paying 19% rather than the agreed upon 50% of the costs of maintaining the joint data bases.

15. Local 411 information calls represent the bulk of all DA calls.

16. For Pacific and GTEC to provide local 411 service in accordance with accepted standards, it is essential for both to have access to the merged data bases.

17. Since intrastate interLATA DA calls represent such a small portion of the total DA calls, consideration of compensation to the utility furnishing the DA information is inappropriate.

18. The present practice of permitting the utility providing intrastate interLATA DA service to use the merged data base at no additional cost should be retained irrespective of which utility provides the service.

19. GTEC presently does not have access to data bases for other than the 213, 619, 714, 805, and 818 NPAs.

20. On October 6, 1984 GTEC began offering intrastate interLATA DA on a trial basis to AT&T-C in the 805 NPA in accordance with a written agreement between GTEC and AT&T-C. A copy of the agreement was provided to CACD.

21. GTEC did not file a copy of the above agreement with this Commission because it felt such a filing was unnecessary, and under the particular circumstances, it appears that GTEC acted in good faith in its attempts to comply with Commission requirements.

22. On September 28, 1984 Pacific was advised by AT&T-C that effective October 6, 1984 AT&T-C would be rehoming its interLATA 805 NPA DA traffic to GTEC.

23. Pacific took no action as a result of being informed that AT&T-C was transferring its intrastate interLATA DA service for the 805 NPA from Pacific to GTEC.

Conclusions of Law

1. The historical test for competition which provides that either: (1) the existing provider was failing in its duty to provide an adequate service at a reasonable rate or, (2) the new provider could provide the same or better service at materially lower rates is inapplicable in this matter.

2. This proceeding is an inappropriate vehicle for the determination of an intrastate interLATA DA rate for Pacific.

3. A review of the monies paid Pacific by GTEC for maintaining the joint data bases should be made to determine whether or not GTEC is paying the agreed-upon amount.

4. If it is determined by the review specified in Conclusion 3 that GTEC is inadvertently underpaying its share of the joint data base maintenance costs, the underpayment, on a cost per call basis, should be added to the approved intrastate interLATA DA cost per call.

5. The status quo with respect to the sharing of costs for merged data bases should be retained irrespective of whether GTEC or Pacific provides the intrastate interLATA DA service.

6. GTEC should be authorized to provide intrastate interLATA DA service only to the 213, 619, 714, 805, and 818 NPAs at this time.

7. Pacific's lack of action upon being informed that AT&T-C was transferring its intrastate interLATA DA service to GTEC can be construed as implied consent to such action.

8. Pacific is entitled to no reparations as a result of GTEC providing intrastate interLATA DA service to AT&T-C in the 805 NPA.

O R D E R

IT IS ORDERED that:

1. Seven days after the effective date of this order GTE California Incorporated (GTEC) is authorized to file revised tariff sheets as set forth in Advice Letter 4999 with Section A.4.b.2 of the tariff modified to read:

> (2) A maximum of two requests for telephone numbers will be processed per access to the Directory Assistance operator.

Such filing shall comply with the General Order 96 series. The effective date of the revised tariff schedules shall be 10 days

after filing. Revised schedules shall apply only to service rendered on or after the effective date.

2. Within 60 days after the effective date of this decision, GTEC and Pacific Bell (Pacific) shall complete a review of the monies paid Pacific by GTEC by maintaining the joint data bases and submit the results of the review to the Commission Advisory and Compliance Division.

This order becomes effective 30 days from today.

Dated MAR 22 1989, at San Francisco, California.

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

Commissioner Patricia Eckert, present but not participating