

Decision 89 07 054

JUL 19 1989

**ORIGINAL**

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
own motion into the Matter of )  
Revision of the Accounting for )  
Station Connections and Related )  
Ratemaking Effects and the )  
Economic Consequences of )  
Customer-Owned Premise Wiring. )

OII 84  
(Filed December 2, 1980)

OPINION

By its petition filed May 17, 1989, The Extension Connection, Inc. (TEC) requests modification of Decision (D.) 86-07-049 which relates to the Commission investigation on inside telephone wiring. Pacific Bell (Pacific) and GTE California Incorporated (GTEC) filed protests to TEC's petition.

TEC requests that D.86-07-049 be modified to require that:

1. Telephone utilities be ordered to halt any further installation of network interface devices until a final order in Order Instituting Investigation (OII) 84 is issued and "proper tracking of Standard Network Interfaces and/or Remote Isolation Devices (SNI/RID) currently installed has been submitted to the Commission for review of the device's merits."
2. The utilities supply the Commission with information on all SNI/RIDs purchased from any manufacturers for all uses whatsoever.
3. The utilities send letters to all SNI/RID recipients informing them that a modular jack may be located on the exterior of their premises, and that the possibility of toll call fraud is present and precautions should be taken.

Halting SNI Installations

In its argument for halting the installation of network interface devices, TEC wrongly assumes that the Commission ordered the installation on a trial basis. TEC's assumption appears to stem from the fact that D.86-07-049 was an "interim" decision pending final determination of the issues in OII 84.<sup>1</sup> This is not so. The Commission's order as modified clearly requires that respondent telephone utilities install SNI/RID devices on all new installations. The order does not mention anything concerning a trial basis. TEC offers no compelling reason why the installation program should be halted. The request should be denied.

Information on SNI Installations

We will treat TEC's second request as a data request rather than a request for modification of D.86-07-049. TEC wants the Commission to order the utilities to supply data on the devices purchased from any manufacturer for any use whatsoever. We do not believe that information would serve any purpose in this proceeding. However, data on the number of devices installed would be valuable as an indicator of the extent of the program to date and be helpful to the Commission, its staff, and all other parties in evaluating the program. Therefore, we will order each utility involved in the installation program to provide the Commission and parties with the number of SNIs installed based on the most recent data available.

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1 D.84-01-036 has been modified twice. Once by D.84-10-095 on a petition for rehearing and further by D.86-07-049 after the additional hearings ordered by D.84-10-095. TEC mixes ordering paragraphs and findings of fact in its pleading. For that reason we restate in Appendix A the ordering paragraphs of D.84-01-036 as modified by D.84-10-095 and D.86-07-049 so there will be no mistake concerning the order that is currently in effect.

Possible Toll Fraud Problems

There is the possibility of toll fraud through the unauthorized use of the modular jack on SNIs which is intended to be used only to check proper functioning of the telephone line. Pacific and GTEC, in their protests to TEC's petition, state that they have not traced any reported toll fraud to exterior SNIs. Pacific attached copies of two notices it distributes concerning SNI installation. Each suggests that the customer may want to secure the SNI with a padlock. We are not aware of any major problems involving use of the SNIs to defraud. However, it appears that the warnings by the utilities could be more pronounced. We will order the Commission Advisory and Compliance Division to work with the utilities in developing a warning to customers concerning the possibility of fraud and a stronger suggestion for preventing access to SNIs.

TEC's request that the utilities be required to send letters to all SNI/RID recipients informing them of possible toll fraud and the fact that a modular jack may be located on the exterior of their premises would be an unnecessary expense to the ratepayers in view of the lack of any appreciable fraudulent use of the devices.

Findings of Fact

1. TEC has provided no reason why D.86-07-049 should be modified.
2. Information on how many SNI and/or RID devices have been installed by the utilities since the initial order to install the devices was issued in D.84-01-036 would be helpful to the Commission and the parties.
3. Warnings concerning the possible use of SNIs to defraud should be strengthened.

Conclusions of Law

1. TEC's request to modify D.86-07-049 should be denied.
2. Respondent utilities should be ordered to file reports on how many SNIs and/or RIDs they have installed since D.84-01-036 was issued.
3. The Commission Advisory and Compliance Division should work with respondent utilities to develop an improved system for warning customers of the possible use of SNIs to defraud and to inform customers how they may prevent unauthorized use of the devices.

ORDER

IT IS ORDERED that:

1. The petition of The Extension Connection, Inc. to modify D.86-07-049 is denied.
2. Within 60 days from the effective date of this order, respondent utilities shall submit an original and four copies of a report on the number of Standard Network Interfaces and/or Remote Isolation Devices they have installed from the effective date of D.84-01-036 to the most recent data available to the Commission Advisory and Compliance Division (CACD) with a transmittal letter stating the proceeding and decision numbers. Parties need not be served with copies of the report unless they request them in writing. When service is made on parties who request copies of the report, respondent utilities shall attach to its report a certificate showing service by mail upon all those requesting copies. The Director of CACD shall send the original and one copy of the report to Docket Office for filing.

3. The CACD shall contact all respondent utilities and develop with them a noticing system that warns customers receiving SNI installations that the SNI may be used to make telephone calls from their line and advises customers on how to prevent fraudulent use.

This order becomes effective 30 days from today.

Dated JUL 19 1989, at San Francisco, California.

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

Commissioner Patrick M. Eckert,  
being necessarily absent, did  
not participate.

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

  
Victor Weissar, Executive Director

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ORDERING PARAGRAPHS OF D.84-01-036  
AS MODIFIED BY D.84-10-095 AND D.86-07-049

IT IS ORDERED that:

1. Each respondent telephone utility shall submit within 90 days of the effective date of the order a report presenting recorded 1985 data on the cost of maintenance of inside wiring. This report shall be filed in three copies with the Evaluation and Compliance Division. Following the review of these reports by the Evaluation and Compliance Division, the rates of the respondent telephone utilities will be adjusted to reflect the elimination of the cost of inside wiring maintenance in an appropriate proceeding.

2. All respondent telephone utilities shall install a combination protector-SNI [Standard Network Interface] on all new installations for the same fee as for the installation of a standard protector unit.

3. Only utility personnel or their agents may access the subscriber's protector.

4. On or before September 1, 1986, each respondent telephone utility should submit a report analyzing the costs and benefits associated with the replacement of standard protectors with combination protector-SNI-RID units under various alternative programs over a period not to exceed 10 years. The report should evaluate various programs differing with respect to scope, time periods, and/or devices. Each program should describe the increase in revenue requirements necessary to implement the program. The Evaluation and Compliance Division shall evaluate these reports and, 30 days after their submission, shall further report to the Commission as to whether and, if so, which of the proposed programs should be adopted for each utility.

5. By September 1, 1986, all respondent telephone utilities shall submit for staff review by the Evaluation and Compliance

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Division a draft of bill inserts to fully inform subscribers of the effects of FCC Second Report and Order in Docket No. 79-105. Upon staff approval, such inserts shall be included in the periodic billings for the three billing periods preceding January 1, 1987.

6. The demarcation point for the purpose of determining the subscriber's responsibility for maintaining and repairing inside wiring shall be the subscriber's side of the utility's protector, or of the SNI, if an SNI is installed.

7. The utilities and the PUC staff shall conduct workshops to determine the effects on subscribers of FCC action in Docket No. 79-105.

8. OII 84 is continued pending the receipt of the recommendation of the Evaluation and Compliance Division as described in Ordering Paragraph No. 4, above.

9. Pacific's petition filed September 2, 1983 to withdraw without prejudice A.82-10-23 and for dismissal without prejudice as a respondent in OII 84-Phase II is denied.

(END OF APPENDIX A)