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SEP 9 1991

Decision 91-09-016 September 6, 1991

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application)
of Pacific Bell (U 1001 C),)
a corporation, for Approval of)
an Increase in and Restructuring)
of Certain Rates for Billing and)
Collections Services.)

ORIGINAL
Application 91-02-070
(Filed February 8, 1991)

OPINION

Applicant, Pacific Bell (Pacific), moves to withdraw Application (A.) 91-02-070 and to extend its existing Section 8 (Schedule Cal. P.U.C. 175-T) rates until such time as the Commission adopts permanent Section 8 rates. Pacific offers billing and collection services out of Section 8.

Pacific filed this application to establish permanent Section 8 rates and to establish parity between the rates for billing and collections contained in Section 8 and those filed in SSA 89-1. The application also sought Commission approval to increase Section 8 rates for Project Development and Inquiry Services to cover increased costs. MCI, US Sprint, and CALTEL protested the application, requesting that hearings be scheduled on the controverted issues.

To date, numerous issues have been raised by interested parties relating to both the structure and the rates associated with Section 8. Pacific believes that improvements can be made in the structure and format of the tariffed billing service to make it more responsive to the needs of third party billing customers and, accordingly, more competitive in the marketplace. Billing and

collections is a competitive service for which there are a growing number of alternatives for interexchange carriers.

Pacific asserts that it is in the best interest of all concerned to withdraw A.91-02-070, and to refile a revised Section 8. Pacific will seek industry input on the structure of the billing service and will prepare new cost studies to justify and explain the new rates for the revised billing service. In the interim, Pacific requests that the existing Section 8 rates be extended. Pacific's third party billing customers have been paying these rates since 1986 and will not be disadvantaged by an extension of the rates. In discussions Pacific had with MCI, US Sprint, CALTEL, and AT&T prior to the preparation of this motion, there were no objections to the withdrawal of A.91-02-070, nor to the filing of a revised Section 8 in 1992, nor to the extension of the existing Section 8 rates until such time as the Commission rules upon Pacific's revised filing and adopts permanent Section 8 rates.

DRA supports Pacific's motion. It states that delaying the increase to Section 8 billing and collection rates will not harm ratepayers. Withdrawal of Pacific's application will directly benefit the interexchange carriers (IECs) who purchase their billing services from Pacific with lower billing and collection charges than they would have paid under the rates proposed in A.91-02-070. Some of these IEC billing customers may flow through their cost savings by reducing the rates they charge to their end users. Many of the smaller IECs are captive customers with no practical alternatives but to purchase from Pacific.

The three largest customers--AT&T, MCI, and Sprint--have already proven their ability to bypass Pacific's billing and collection services. They have accomplished such bypass, either by performing their own billing and collection functions, or by employing the services of third party vendors, such as Electronic Data Services. Given that purchasers of Pacific's Section 8

services could perform their own billing functions, and that such services are available from third party vendors, there is sufficient reason for Pacific to seek industry input before proceeding with Section 8 rate increases. Pacific's retention of these customers supports the Commission's goal of maximization of contribution from billing and collection services.

DRA has been assured by Pacific that any future Section 8 filing will be revenue neutral to maintain the integrity of the revenue levels established in Decision 89-10-048. No party objects to Pacific's withdrawing its application.

We find that Pacific has provided assurances that its future Section 8 filing will be revenue neutral and that it is in the public interest to permit Pacific to withdraw this application. We conclude that Pacific may file a revised Section 8 application in 1992 and that it may extend its existing Section 8 rates until such time as the Commission adopts permanent Section 8 rates.

ORDER

IT IS ORDERED that Pacific Bell's Application 91-02-070 is withdrawn.

This order becomes effective 30 days from today.


Dated September 6, 1991, at San Francisco, California.

PATRICIA M. ECKERT
President
JOHN B. OHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners

I abstain.

/s/ G. MITCHELL WILK
Commissioner

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


NEAL J. SCHULMAN, Executive Director
1.00