

Decision 82 04 054

APR 21 1982

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

DANIEL M. ELDRIDGE, et al., )  
 )  
 Complainants, )  
 )  
 vs. )  
 )  
 THE PACIFIC TELEPHONE AND )  
 TELEGRAPH COMPANY, )  
 )  
 Defendant. )

(ECP)  
 Case 11043  
 (Filed October 28, 1981;  
 amended November 9, 1981)

O P I N I O N

Introduction

The complainant, Daniel M. Eldridge, resides at Cunningham Hall, a dormitory for University of California at Berkeley (UCB) students. The UCB campus, as well as its off-campus dormitories, receives Centrex service from The Pacific Telephone and Telegraph Company (Pacific). Centrex service allows a subscriber to make intercommunication calls within its business locale in addition to basic exchange and toll calls outside the subscriber's premises.

UCB contracted for a Centrex system with switching equipment located at Pacific's Central Office (CO). UCB also requested billing Option C, under which Pacific bills and collects charges from the individual users of the Centrex system. Thus, Pacific directly bills each dormitory resident although UCB selected Centrex service and had it installed in the dormitories. (See Case 10191, Exh. 61.)

At the beginning of the school year, Eldridge and other UCB students arrived at the dormitories and requested telephone service. Most of the rooms already were equipped with rotary dial telephones used by the prior occupants. Nonetheless, Eldridge and

all other dormitory residents requesting telephone service each were billed an "installation charge" of \$52.70. The correct charge under Pacific's tariffs is \$33.16. After Pacific learned of the billing error, it mailed letters and bill inserts to the students asking them to deduct the overbilled amount of \$19.54 from their bills.

Intrigued by this turn of events, Eldridge inquired about the basis for even the reduced installation charge of \$33.16. He was dissatisfied with the explanations given and thereafter filed the instant complaint. The original complaint was signed by Eldridge and 35 other students. On November 9, 1981, an amendment was filed, adding another 37 signatures to the complaint. Pacific filed its answer to the amended complaint on December 14, 1981.

A hearing was held before Administrative Law Judge R. Wu on January 27, 1982. The complainants and about 25 other students were present. Pacific was represented by V. Henderson, Regulatory Affairs; Sam Medrano, administrative manager for the University of California account; Bill Abrush, Centrex tariff manager; and Rebecca Pierroz, Berkeley Business Office manager. The matter was submitted subject to the receipt of a late-filed exhibit from Pacific.

#### Causes of Action

Eldridge's complaint lists the following causes of action:

1. Pacific's installation charge of \$33.16 is excessive and should be reduced;
2. Pacific lacks an affirmative policy for annoyance calls and thereby is endangering its customers;
3. Pacific's bills are misleading and unclear; Pacific has not acknowledged the billing errors it has made and continues to distribute inconsistent messages; and

4. Students have not received directories at the dormitories and cannot get nonrotary dial telephones.

At hearing, Eldridge acknowledged that UCB selected rotary dial telephone service for the dormitories. Accordingly, Pacific's refusal to provide nonrotary dial telephones was not challenged and was dropped from the complaint.

Pacific's answer contains the following responses to the complaint:

1. Pacific's installation charge of \$33.16 for Centrex service in the dormitories is prescribed in its filed tariffs, i.e. Schedule No. 121-T and Schedule No. 28-T.
2. Pacific does have a policy of combating annoyance calling; Pacific will change a customer's telephone number without charge if a threat of bodily harm is involved or a pattern of continued harassment is shown.
3. Pacific has acknowledged all billing errors by letter and through a special bill insert; the corrected bills now indicate the right charges.
4. A supply of directories was delivered to UCB, and directories are available in Pacific's Berkeley offices.

#### Discussion

This complaint raises four separate issues which we will deal with in turn.

#### Installation Charge

Pacific witness Abrush explained that the \$33.16 installation charge contested by Eldridge is composed of the following cost components:

Installation Charge	\$20.50
5.4% Surcharge	1.11
In-Place Connection Charge	<u>11.55</u>
Total	33.16

The installation charge is intended to cover the expense of providing a Centrex CO primary line. The costs associated with a Centrex CO primary line include an outside plant loop, inside wire, station set, and CO equipment. The installation charge of \$20.50 was approved by the Commission on April 2, 1980 in Decision (D.) 91495, Application 59296 and Order Instituting Investigation 63.

The 5.4% surcharge was authorized in D.93367, the Interim Opinion for Pacific's 1981 test year general rate case. The intent of the surcharge is to provide a uniform percentage increase to all services and equipment not specifically reviewed on a cost of service basis in the general rate case. (D.93367, pp. 171-172, 221) The surcharge was calculated to provide to Pacific the additional revenue requirement found reasonable by the Commission.

The in-place connection charge of \$11.55 is based upon testing, repair, and maintenance work done on the customer's premises.

In addition to the above charges, each dormitory resident is billed for a monthly service charge of \$4.75.

In evaluating the reasonableness of the installation charges for dormitory Centrex, we take official notice of the charges applicable to residential telephones as set forth in Pacific's tariff Schedule Cal.P.U.C. No. 28-T. Under this schedule the following multi-element charges would apply for an in-place connection of service:

Service Establishment (M1)	\$10.00
Central Office Connection Work (OC)	<u>13.00</u>
Total	23.00

The service establishment charge applies to the costs of taking the order, setting up the billing records, etc. The central office connection charge covers the costs of making the central office connections, testing the line, etc. Dormitories obviously have the characteristics of a residence with regard to the use made of the phone. Furthermore, the particular work elements listed above are consistent with the work functions which must be performed in establishing a dormitory service where the telephone instrument is in place. The current multi-element rates were set by our D-93367, dated August 4, 1981. The rates ordered were based on cost studies of the various work functions. Based on these considerations, we find that dormitory Centrex service is essentially similar to residential service, and we will order respondent to apply residential multi-element charges.

Annoyance Calls

Contrary to Eldridge's claim, Pacific does have an established procedure for handling annoyance calls. Pacific provided through its late-filed exhibit a brochure entitled "What to do about annoying telephone calls". The brochure advises customers on how to handle annoyance calls whether they are sales pitches, nuisance calls, or abusive threats. In addition, Pacific maintains detailed internal instructions and guidelines for its employees on methods of coping with annoyance telephone calls. We find that Pacific's procedures regarding annoyance calls are satisfactory and the evidence offered in this proceeding completely refutes Eldridge's allegations on this matter.

Billing Errors and Format

Admittedly, Pacific erred in its initial billings to the dormitory students. However, the billings were corrected as soon as the error was discovered by Pacific. While the mistakes were aggravating, it is understood that an entity with Pacific's enormous service obligations will make these types of errors. As Pacific witness Pierroz stated, the Berkeley Business Office alone handles 69,000 residential accounts, as well as UCB which is a business account. The sheer volume of bills coupled with the school year cycle no doubt contributed to the confusion and mistakes which occurred. In addition, we note that the billing error was due to application of the 5.4% surcharge to the wrong rate. This surcharge was authorized in D.93367 issued August 4, 1981. The September-October bills at issue were among the first applications of the surcharge to Pacific's various rates. We fully expect Pacific's personnel to have learned from this experience and to use the correct rate for the next school year.

Eldridge asks in his complaint that Pacific should provide written acknowledgment of its past errors and present conflicting communications. We find this matter to be moot as Pacific already has acknowledged its mistakes through bill inserts and letters.

Additionally, Eldridge claims that Pacific's corrected bills are misleading and unclear. Eldridge asserts that Pacific's

practice of billing in arrears is wrong in that the initial bill may show a monthly service charge which is actually credited in the bill's detail. This occurs if service was not actually connected for a portion of the previous month for which the customer is billed. Pacific's bill shows the full monthly service charge and then credits the customer for the portion of the month when service was not connected. The net result or total charge is the same whether Pacific's or Eldridge's proposed method is followed; however, Eldridge contends that the bill presented by Pacific is unclear and incorrect. We disagree. Although the billing practice used by Pacific may require some sorting out by customers, we find Pacific's bills to be clear and comprehensible. Eldridge's contentions and the relief sought on this matter are denied.

Directories

Lastly, we dispose of the students' complaint that directories are not delivered directly to the dormitories. Pacific answered this charge by stating that directories are delivered to UCB and are available at its offices. Pacific apparently believes this action discharges any obligation it has to dormitory residents. This type of dispute never should have been elevated to the level of a complaint. We will direct Pacific to provide directories directly to the dormitory residents. Since dormitory residents currently are required to pay separate installation, reconnection, and service charges to Pacific, we find they are entitled to receive directories at the dormitories.

We also note that Pacific's directories contain instructions on how to handle obscene or harassing calls. This information should be made readily available to the students who allege they are often victims of harassing or even threatening calls.

Findings of Fact

1. Pacific has a reasonable policy for dealing with annoyance calls.
2. Pacific's billing practices are clear and correct. No revision of these practices is warranted.
3. Dormitory residents who are Pacific's customers through UCB's Centrex service do not receive telephone directories at the dormitories.
4. A dormitory consists of residential premises, and dormitory Centrex service has the characteristics of residential telephone service.
5. The work functions required to establish a telephone service in a dormitory with instrument in place are no greater than the work functions required for a service establishment in other residential premises.
6. The charge made by Pacific for service establishment with instrument in place in dormitory premises is \$33.16; the charge for equivalent service in other residential premises is \$23.00.

Conclusions of Law

1. It is discriminatory to charge dormitory residents a greater amount than other residential customers for equivalent service establishment functions.
2. Pacific should be directed to apply residential multi-element service establishment charges consistent with other residential services in lieu of Centrex installation and connection charges.
3. Pacific should refund amounts in excess of the residential multi-element charges made to all dormitory residents back to the start of the current school year.
4. Dormitory residents who pay Centrex service charges directly to Pacific should receive directories at the dormitory locations.



O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) shall cease charging Centrex service charges to all dormitory residents within its service area and shall apply charges as set forth in Schedule Cal. P.U.C. No. 28-T, Section IV, Multi-Element Service Charges.

2. Pacific shall refund back to the start of the current school year amounts collected in excess of those provided by Ordering Paragraph 1.

3. The money deposited by complainants with the Commission, representing their installation charges, shall be paid to Pacific in the amount of \$23 for each service installed with the remainder to be refunded to complainants.

4. Complainants' contentions regarding Pacific's annoyance call policy and Pacific's billing practices were not substantiated at hearing and are denied.

5. Pacific shall provide directories to the dormitories by leaving sufficient copies with residence hall advisors for each dormitory.

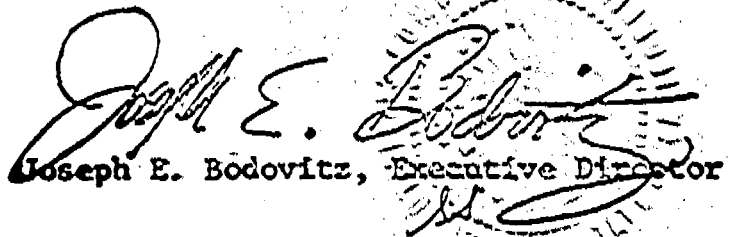
6. The complaint is granted to the extent noted above;  
in all other respects it is denied.

This order becomes effective 30 days from today.

Dated APR 21 1982, at San Francisco,  
California.

JOHN E. BRYSON  
President  
RICHARD D. GRAVELLE  
LEONARD M. CRIMES, JR.  
VICTOR CALVO  
PRISCILLA C. GREW  
Commissioners

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

  
Joseph E. Bodovitz, Executive Director

Billing Errors and Format

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Eldridge asks in his complaint that Pacific should provide written acknowledgment of its past errors and present conflicting communications. We find this matter to be moot as Pacific already has acknowledged its mistakes through bill inserts and letters.

SS ✓ Furthermore, we would be more inclined to "punish" Pacific in the manner suggested by Eldridge if UCB students were disciplined in a similar manner. However, as UCB students are not required to run laps around Harmon gym for midterm failures, we will not require Pacific to atone for its past mistakes in the manner suggested by Eldridge.

Additionally, Eldridge claims that Pacific's corrected bills are misleading and unclear. Eldridge asserts that Pacific's