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ORIGINAL

Decision 82 05 013 MAY - 4 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for authority to increase rates for mobile radiotelephone services to cover increased costs of providing said services.	Application 60759 (Filed July 24, 1981)

(For appearances see Appendix A)

INTERIM OPINION

Pacific's Request

The Pacific Telephone and Telegraph Company (Pacific) requests authorization to increase its rates for mobile radiotelephone service. The increase would have an annual revenue effect of about $4.3 million, representing a 99% increase in overall rates to Pacific's mobile subscribers.

Public Hearings

Public hearings were held in San Francisco on October 8 and 9, 1981 and in Los Angeles on October 26 and 27, 1981. The application was taken under submission upon the filing of concurrent briefs on November 30, 1981.

In addition to the presentations of Pacific and of Allied Telephone Companies Association (Allied), there was considerable public participation in both San Francisco and Los Angeles by mobile telephone service users and by vendors of mobile radiotelephone equipment. The public participants were generally critical of the quality of Pacific's manual mobile radiotelephone service (MMRTS) in the more congested areas of the State, and voiced opposition to the proposed increase primarily on that ground.

Previous Commission Actions

The present application was prompted by Decision (D.) 93135, dated June 2, 1981, which among other provisions ordered Pacific to "apply no later than August 1, 1981, to adjust its mobile telephone service rates to a compensatory level".

D.93135, however, is but the last in a lengthy and somewhat complex series of actions in which we have addressed various aspects of Pacific's mobile service. The tariff rate levels which are in effect are those set by D.88232, dated December 13, 1977 (as modified by the 8.09% surcharge resulting from D.93728 in Order Instituting Investigation (OII) 84). The record of Application (A.) 55492, as we discussed in D.88232, indicates that by Pacific's own estimate, mobile rates were not compensatory at that time. However, because of the small aggregate general increase we then granted, only a relatively small increase was approved for mobile service rates, together with certain restructuring. Also, we ordered Pacific to replace its existing manually operated mobile systems within 24 months with Improved Mobile Telephone Service (IMTS). This conversion was seen as tending toward a more compensatory service, and a substantially higher quality of service as well.[1/]

IMTS conversion was scrutinized in detail in subsequent proceedings pursuant to OII 20. D.91492, dated April 2, 1980, terminated OII 20 and reaffirmed the IMTS implementation order of D.88232. However, prior to that date, Pacific encountered problems in the delivery of IMTS equipment. As a result, our D.90658 was issued to extend the implementation time to June 13, 1980. Subsequent problems occasioned a further rescheduling to June 13, 1981, which we ordered in D.91858.

1/ Pacific's IMTS conversion will affect only the 150 MHz and 450 MHz band services, as set forth in Pacific's current tariff Schedule Cal. P.U.C. No. 41-T.

The latter decision includes two orders in addition to the schedule change. One, directing Pacific to commence forthwith to charge for calls on a total air time basis (as opposed to conversation time), was later stricken by D.92053. The second ordered the preparation and filing by Pacific of a fully allocated earnings study of its mobile telephone service operations. The results of that 1980 study, which is also a portion of Exhibit 2 in this proceeding, show that for 1977 the earnings were a negative $2,614,409 before provision for taxes, and for 1978, a negative $2,421,470 before provision for taxes.2/

In D.92053 we also expressed once more our concern with noncompensatory rates for Pacific's mobile service:

> "We are sensitive to Allied's complaint that Pacific should be made to charge compensatory rates for its MTS operations, in order that Pacific will not gain a competitive advantage through cross-subsidization of its MTS operations from profits in other areas of operation...
>
> "We note that NOI 23, Pacific's next general rate case, has just been filed... In the forthcoming proceedings, Allied will be able to document on the record whether Pacific's rates for MTS operations remain noncompensatory (as they were shown to be, before a rate increase, in Application No. 55492 in 1977). The forthcoming proceedings will also allow for more ample inquiry into whether MTS calls should be measured by total air time or conversation time."3/

2/ By comparison, Exhibit D to Pacific's present application, later also admitted in evidence as Pacific's Exhibit 1, indicates a loss for 1980 of $3,297,280 and a projected loss for 1981 of $4,255,000, on the same basis. (The latter figure was corrected to this amount by the sponsoring witness.)

3/ D.92053, mimeo pp. 3 and 4, July 15, 1980.

Our most recent order addressing this body of questions is D.93135, issued June 2, 1981. Pacific's NOI 23 resulted in the filing of their A.59849 on August 1, 1980. Anticipating at the time the supposedly imminent conversion to IMTS, Pacific did not apply for increased MMRTS rates in A.59849. Allied, representing its member California radiotelephone utilities (RTUs), appeared in that proceeding and again raised the question of noncompensatory mobile rates. A stipulation between Pacific and Allied was entered there and was adopted in our D.93367 on August 4, 1981. A principal element of the stipulation was that "Within seven weeks of its conversion to IMTS Pacific will file a rate increase application for its IMTS service."[4/] Allied thereupon withdrew from the proceeding insofar as MMRTS rates were concerned.

On May 8, 1981, Pacific was compelled to seek yet another extension of time in the conversion to IMTS. Allied, having already effected the stipulation with Pacific, immediately protested the extension but was agreeable to the extension if Pacific were required to apply by August 1, 1981 for MMRTS rates to be adjusted to a compensatory level. There being no practical alternative to granting the delay, which was necessitated by further schedule slippage on the part of Pacific's supplier, we issued our D.93135, granting the extension and ordering the filing of the present application.

Pacific

Pacific's initial showing of MMRTS costs uses the traditional GE-100 costing method. The calculated net revenue shortfall, projected for the year 1981, is approximately $4.3 million under current rates. This is the difference between projected annual revenues of $4.3 million and annual charges of $8.6 million (figures rounded).

4/ D.93367, mimeo p. 196.

The GE-100 method develops costs for four major elements:

(1) Depreciation of material and installation costs;

(2) Maintenance and other direct support costs;

(3) Overheads; and

(4) Return on investment and allowance for income taxes.

A 15% return factor and the CPUC memorandum depreciation reserve were used in Pacific's test year 1981 calculation.

The GE-100 method has been the object of considerable scrutiny in Pacific's latest general rate case, A.59849, and we take official notice of the record in that proceeding. In that proceeding, the rates for numerous terminal equipments as derived by the GE-100 method have been called into question and, in D.93367, we found that further hearings should be held to review and determine equitable costing procedures. Pacific maintains that the GE-100 method is nevertheless appropriate for the purposes of this application.

Pacific's Exhibit 1 clearly indicates that the GE-100 study used in this application is "Type 5", i.e., installation labor, installation material and restoration are all taken on an embedded basis, with only the other annual charges taken on a forward basis. This is appropriate because we are here concerned with the proper costs for fixed equipments on the utility's premises, which are not subject to the turnover characteristic of customer premises equipments.

We conclude that for the purpose of this proceeding, the GE-100 method as presently applied by Pacific is sufficiently accurate to provide us with an acceptable showing of cost. However, in consideration of the general review of the GE-100 which will be conducted in our other proceedings, we shall allow for the possibility of necessary modification. The rates which we adopt in this proceeding will be applied subject to refund in the event of a repricing necessitated by GE-100 revisions, or by the results of cost experience developed during the initial six months of systemwide IMTS operation. To minimize the potential for future modification, we shall determine the cost of service on the basis of Pacific's overall rate of return (12.91%), and a net plant factor of 50% over the life of the equipment in question, weighted for the time value of money.

We reiterate that we are making no determinations here concerning the GE-100 method which extend beyond the present matter in any respect.

The increased rates requested by Pacific are designed to generate the revenue associated with the $8.6 million requirement developed by their original GE-100 calculations. As stated by revenue witness H. H. Honsaker, Jr., the proposed schedule was designed with three objectives: (1) promoting more efficient use of the limited mobile channel facilities, (2) having customers causing costs pay those costs, and (3) achieving compensatory rate levels. It is also Pacific's position that the resulting increase should not be offset elsewhere, since it is contended that the utility is not attaining its allowed overall rate of return.

Witness Honsaker also testified that the revenue projections for the test year do not include any effect of repression; that is, it is assumed that there is no loss of customers as a result of increased rates, nor any change in call volume. The stated reason is that there is no body of experience with increases in mobile service rates, and therefore the only assumption available was to project no changes, particularly since any repression in system usage affects not only revenues but costs of providing service as well.

Regarding the possible savings which might result from IMTS implementation, Pacific takes the position that absent actual experience, the best initial estimate is that IMTS costs will be "fairly close to the present costs". (R.T., 62) The view was also advanced that the seven weeks which we have ordered for the preparation of an IMTS cost study does not suffice, and that six months would be a more realistic period.

Present Service Arrangements and Quality

The testimony of Pacific's mobile subscribers shows that there is considerable customer dissatisfaction with the present MMRTS. This dissatisfaction is most pronounced in the Los Angeles area where channel congestion, especially on the very high frequency (VHF) channels is greatest.[5/] Conversion should improve this situation, because under IMTS control the limited number of available radio channels will be used more effectively than under manual control. In the manual mode of operation, scarce air time is wasted during the comparatively slow processes of "setting up" and "taking down" a call. IMTS is designed to provide service improvements through its ability to set up calls more quickly than the manual system, thus improving the utilization of the available channels. In addition, IMTS provides automatic channel selection, direct customer dialing, and automatic billing. It also can provide such optional features as call forwarding, abbreviated dialing, and automatic roamer service. (This last feature permits a subscriber to retain continuity of service outside his home area.) The repeated delays in IMTS conversion are a source of annoyance and dissatisfaction to subscribers.

A subscriber to Pacific's MMRTS may obtain his mobile radiotelephone equipment in either of two ways. He may opt to rent it from Pacific, or he may purchase it from an independent dealer.

5/ Congestion in the channels available to Los Angeles area RTUs is also evident. A number of these RTUs maintain "held order" lists of persons desiring service who cannot be accommodated without incurring unacceptable service quality degradation. Pacific does not follow the practice of having such a list; previous attempts resulted in evasion of the procedure by numerous customers, who went to other localities to obtain service and returned with the equipment and registration.

About two-thirds of the subscribers have selected the latter option. The cost of purchasing and installing a brand-new state-of-the-art IMTS-compatible unit is in the range of $3,000 to $4,000. The cost of making an older subscriber-owned manual mobile unit IMTS-compatible is somewhere in the range of $500 to $1,500. Essentially all of the mobile installations of Pacific's subscribers are now IMTS-compatible. The subscribers, individually as well as collectively, have a considerable investment in equipment which, under MMRTS operation, cannot be used to its full capability.

Allied

Allied appeared in these proceedings as the representative of the majority of California radiotelephone utilities. Over 50 RTUs have been certificated by this Commission to offer mobile radio services to the public. These services are interconnected with the landline telephone network and, in most respects, are offered in direct competition with Pacific's mobile service and those of other wireline companies.

Since 1976 Allied has actively participated in telephone general rate cases, as well as in other proceedings before this Commission concerned with Pacific's mobile radiotelephone rates and service. Allied's position throughout has been that Pacific has been charging noncompensatory rates for MMRTS. Allied points to Pacific's history of admitted losses from $1.4 million in 1976 to more than $4 million expected for 1981. It accuses Pacific of conscious cross-subsidization of a competitive service offering with the proceeds of other, profitable monopoly offerings. It is Allied's position that such cross-subsidization is per se unlawful.

Allied believes that the RTU industry's development in California has been distorted by Pacific's pricing practices over at least the past two decades, that many utilities presently suffer from depressed rates of return as a result of these practices, and that the industry's ability to compete in the future will be substantially diminished if such practices are not stopped.

Allied also injects the issue of cellular technology[6] into this proceeding. The minimum investment required for a cellular mobile telephone system would approximate $10 million and annual charges would approach $3 million. Allied argues that Pacific's rate structure would not produce revenues adequate to support these recurring charges, but that it permits Pacific to monopolize the new technology by means of cross-subsidized pricing.

In linking MMRTS and cellular service, Allied has tried to show that Pacific is underpricing MMRTS in anticipation of cellular service. Allied has not produced evidence to support this allegation.

Discussion

The immediate question of appropriate rate relief for Pacific hinges primarily on the accuracy of the showing of costs made by the applicant. We do not dismiss our current concerns with the acceptability of some aspects of the GE-100 process, which will be resolved elsewhere than in this proceeding. However, the history of Pacific's MMRTS offering shows a series of increasingly larger shortfalls from costs when those costs are calculated on a basis consistent with those of other offerings, and it is obvious that a relatively major MMRTS rate adjustment is indicated.

6/ Item 1 in this proceeding is the Report and Order of the Federal Communications Commission (FCC) adopted on April 9, 1981 in CC Docket 79-318, relating to cellular mobile telephone service, 86 FCC 2d 469 (1981). Pursuant to the FCC's order, each major metropolitan area will be allocated two cellular systems, one to be reserved for the local wireline carrier and one for the nonwireline industry.

We may reasonably expect that the uncertainties involving the GE-100 process will have been resolved in time to free future studies from criticism on that ground. In any event, Pacific's basic cost testimony withstood cross-examination and no contrary showing was offered. As previously stated, we elect, for this proceeding only, to employ the 12.91% rate of return and the weighted 50% net plant factor, and we accordingly adopt the resulting figure of $8,137,242 for total annual charges for the purposes of this order. We have modified the rate structure offered by Pacific to implement this revision, subject to possible refund as noted. The resulting annual rate increase, rounded, is $3,782,000.

While it may be argued that MMRTS (or IMTS) rate changes could well be deferred to Pacific's next general rate application, we see that further delay will only operate to the continuing detriment of the general ratepayer, who perforce is making up a substantial amount of the shortfall. So that this adjustment may in fact reach the general ratepayer, we shall modify the recent surcharge imposed by D.93728 (mimeo, Appendix B, page 5), presently a monthly 8.09%, on a broad spectrum of offerings. In this manner we will eliminate an undesirable internal cross-subsidy and yet will not improperly disturb the overall revenue or revenue requirement. Recalculating the surcharge yields a new figure of 7.92%, and we shall order this change.

Apart from the matter of eliminating an internal cross-subsidy, we must also consider that MMRTS, as offered by Pacific, is a competitive service also offered by the certificated RTUs. (Northern California Power Agency v Public Utilities Commission (1971) 5 Cal 3d 370.) The offering by Pacific of a competitive service at approximately one-half of indicated cost, the shortfall being recovered from other regulated offerings, seems to require little further scrutiny for perception of its pejorative and indeed potentially destructive effects on the economic viability of its competitors, especially the smaller RTUs. Allied's witness Tommy Cook's review in 1978 of the California RTUs' results of operations, according to his testimony, showed 25% of the RTUs with operating losses and 60% with net operating profits of $25,000 or less (R.T., 270). We cannot and do not guarantee an RTU a profit, but these regulated entities must be given the opportunity for reasonable profit on an equitable basis. The anticompetitive aspects of the present MMRTS rates of Pacific, vis-a-vis the RTU industry, strongly reinforce our conclusion that a rate increase should be made now rather than as part of some future proceeding.

With respect to the contentions of Allied that the competitive postures of the RTUs in the context of future participation in the provision of cellular mobile radio service are adversely affected by the present Pacific rate structure, we see this as being essentially speculative in view of the many uncertainties--regulatory and otherwise--presently surrounding the future of cellular radio.

Pacific desires to retain its proposed MMRTS rates after conversion of the system to IMTS, at least until such time as cost data have been accumulated and an appropriate application for rate adjustment can be acted upon. Examining the stipulation we adopted in D.93367 regarding such an application, it appears that the provision regarding a seven-week study and filing period[7/] should be reconsidered. It now appears that no major changes in costs are likely upon IMTS conversion, contrary to former estimates. Pacific has offered testimony stating that six months is a more appropriate interval, with no opposition from Allied. It is reasonable to modify

7/ D.93367, mimeo pp. 196, 228.

the previous order to call for an IMTS cost study to be performed by Pacific covering the first six months' operation of IMTS, with an application for any indicated rate adjustment to be filed not more than 30 days thereafter, and we shall so order. We shall also adopt the rates ordered herein for MMRTS to be, on a provisional basis, the initial IMTS rates. Should no modification be found necessary, Pacific may then show that these rates should be made permanent.

With respect to Pacific's service quality, we see its problems as being primarily the result of congestion on the finite number of available radio channels assigned by the Federal Communications Commission (FCC). We continue to anticipate some improvement in channel utilization with the advent of IMTS. We also shall order a monthly rate for basic mobile service which provides a reasonable financial incentive for further subscriber migration to Pacific's UHF channels, which appear to be less densely occupied than the VHF channels.[8/]

Findings of Fact

1. The Pacific Telephone and Telegraph Company is a telephone corporation regulated by this Commission.

2. Pacific was ordered by D.93135 to apply no later than August 1, 1981 to adjust its mobile telephone service rates to a compensatory level.

3. No cause has been shown to modify that part of our order.

4. On July 24, 1981, Pacific filed the present application pursuant to our order.

5. Since 1976 the rates for Pacific's mobile radiotelephone service have been noncompensatory.

6. Mobile radiotelephone service is also provided by radiotelephone utilities, which are regulated by this Commission, in competition with Pacific in the areas in which they serve in common.

8/ The channels in the 150 MHz band are referred to as "VHF"; those in the 450 MHz band as "UHF".

7. To the extent that the present MMRTS rates of Pacific are noncompensatory, they are unreasonable.

8. Pacific has made a showing of cost for the future test year 1981 which includes cost computations using the GE-100 method.

9. Certain aspects of the GE-100 method are under scrutiny by this Commission in A.59849 with regard to their accuracy and acceptability.

10. For the limited purposes of this application, the present GE-100 method provides a sufficiently clear and convincing showing of cost to support the provisional rates we order herein.

11. In the event that subsequent modifications to the GE-100 process so require, refunds from the rates adopted herein may be ordered.

12. The revenue requirement for Pacific's MMRTS for the test year 1981, based on a 12.91% return and employing a 50% net plant factor over the life of the equipment, weighted for the time value of money, is $8,137,242.

13. Pacific's MMRTS rates should be increased to a level which will generate that amount of revenue.

14. Pacific has been ordered by D.93135 to replace its existing manually operated mobile systems with IMTS no later than June 13, 1982.

15. The rates provisionally ordered for MMRTS should also apply on a provisional basis to IMTS.

16. Seven weeks immediately following IMTS conversion is insufficient time for preparation of an IMTS cost study and rate application by Pacific.

17. The stipulation adopted in D.93367 requiring an application seven weeks after conversion should be modified to provide a six months' period of full systemwide IMTS operation, following which Pacific should apply within 30 days for any indicated rate adjustment, or to have the provisional IMTS rates made permanent, as appropriate.

18. Pacific should be ordered to adopt the schedule of rates shown as Appendix B to this order.

19. The schedule of rates in Appendix B should become effective on a phased basis as each Mobile Service Area location of Pacific is converted to dial (IMTS) operation. The requested conversion to air-time billing should be effective at the end of the full system conversion to dial operation.

20. The revision to the surcharge ordered in D.93728 should be effective at the midpoint of the conversion schedule.

21. The increase in revenue resulting from the rates ordered here should be offset by a corresponding decrease in the 8.09% surcharge ordered in D.93728 and described on page 5 of Appendix B thereto.

22. The appropriate revised surcharge is 7.92%.

23. Pacific's MMRTS service problems result primarily from congestion on a necessarily limited number of available radio channels.

24. The record does not demonstrate that Pacific has deliberately engaged in predatory pricing practices for MMRTS.

25. To the extent that Pacific's MMRTS rates are noncompensatory, the revenue deficiency is largely made up at the expense of the general ratepayers.

26. This order should be effective today, and tariff revisions should be filed no later than five days hereafter, to permit phased rate changes without delay to Pacific's IMTS conversion program.

<u>Conclusions of Law</u>

1. Pacific's application should be granted to the extent ordered herein.

2. The 8.09% surcharge ordered in D.93728 should be reduced to offeset the increase in revenue resulting from the rates authorized by this order.

3. Pacific's MMRTS and IMTS rates should be modified and changed in accordance with Appendix B.

4. The rates authorized herein as set forth in Appendix B, together with the reduced surcharge ordered, are just and reasonable and any other rates applied after the rates authorized in Appendix B and the reduced surcharge are in effect are unjust and unreasonable.

5. Refunds should be ordered if future cost studies or revisions in the GE-100 process later indicate these rates to be materially in excess of cost.

6. This proceeding should remain open to receive Pacific's application for rate adjustment following the preparation of future cost studies.

INTERIM ORDER

IT IS ORDERED that:

1. Within five days from the effective date of this order, Pacific shall file with this Commission, in conformity with the provisions of General Order 96-A, tariff revisions with modified rates, charges and conditions as set forth in Appendix B. The modified rates, charges and conditions in Appendix B shall become applicable to subscribers at each Mobile Service Area Location upon completion of the conversion to dial (IMTS) of all 150 MHz and 450 MHz services at that location, except that conversion to air time billing as defined in Appendix B shall become effective for all Mobile Service Area Locations at the time of completion of full systemwide conversion to dial operation of the 150 Mhz and 450 MHz services. The rates, charges and conditions are authorized on an interim basis, and subject to refund, pending further order of the Commission. Pacific shall maintain its records in such a manner as to be able to make such refunds if so ordered. These revised tariffs shall be effective five days after filing.

2. Within five days from the effective date of this order, Pacific shall also file tariff revisions to Schedule Cal. P.U.C. No. 36-T, Rule No. 33, Billing Surcharges, to show a revised Adjustment Factor of 7.92%. Special Condition 2 of Rule No. 33 shall be modified to read "Per P.U.C. Decision No. ________." These tariff revisions shall be made effective on July 17, 1982.

3. Following the initial six months of full systemwide IMTS operation of the 150 MHz and 450 MHz services, Pacific shall within thirty days file an amended application with this Commission for revised mobile radiotelephone service rates and charges based on cost, to include MMRTS rates and charges for 35 MHz service.

4. Pacific shall include consideration of its mobile radiotelephone rates and charges in its future general rate applications, subsequent to the initial revision of IMTS rates based on cost.

5. This proceeding remains open for consideration of Pacific's amended application. Pacific shall serve notice of its amended application on all mobile telephone service customers and parties to this proceeding.

This order is effective today.

Dated MAY 4 1982, at San Francisco, California.

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

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

Joseph E. Bodovitz

Joseph E. Bodovitz, Executive Director

APPENDIX A

LIST OF APPEARANCES

Applicant: Randall E. Cape, Attorney at Law, for The Pacific Telephone and Telegraph Company.

Protestants: Robert G. Steinberger, for Phone Consultants International; Ronald Bennett, for The Car Phone Company; Ronald A. Rosberg, for The Phone Company; James Huckaby, for himself and Communications Consultants of North Hollywood; and Robert J. Landman, Manly Chernoy, Jeanine Fox, and Bunce Pierce, for themselves.

Interested Parties: George Y. Tice, Director, by James M. Nelson, III, for Los Angeles County Department of Communications; Dinkelspiel, Donovan & Reder, by David M. Wilson, Attorney at Law, for Allied Telephone Companies Association; and Geoffrey S. Goodfellow, for himself.

Commission Staff: Willard A. Dodge, Jr. and Robert L. Howard.

(END OF APPENDIX A)

APPENDIX B
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Tariff Revisions
The Pacific Telephone and Telegraph Company
Mobile Telephone Service - Schedule Cal. P.U.C. No. 41-T

The following revised rates, charges and conditions shall apply to the mobile radiotelephone service:

Service Rates and Charges

Applicable provisionally to manual service and to dial (IMTS) service, until further order of the California Public Utilities Commission.

The monthly rate per mobile telephone, which includes one directory listing, is as follows:

Basic Service	Rate Per Month
35 MHz	$25.00
150 MHz	25.00
450 MHz	17.00

Radio link charges are based on air time as defined below, and apply as follows:

	On-Peak	Off-Peak
1st minute of air time or fraction	$0.50	$0.40
Next 4 minutes of air time, per min. or fraction	.70	.45
Over 5 minutes of air time, per min. or fraction	1.05	.55

In addition to the radio link charges, the following surcharges as shown in Schedule Cal. P.U.C. No. 53-T apply:

Service	Dial Credit Card Station	Operator Station	Operator Person
Manual 35, 150, 450 MHz	X	No Charge	X
Dial IMTS 150 and 450 MHz	X	X	X

APPENDIX B
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Tariff Revisions
The Pacific Telephone and Telegraph Company
Mobile Telephone Service - Schedule Cal. P.U.C. No. 41-T

Definitions

Air time for manual service applies to the timing of messages (completed calls) and starts after the operator determines and records the number of the calling party and the called number, and advances the call. Timing stops when the circuit is released by the non-mobile party, or on a mobile-to-mobile call, by the operator.

Air time for dial (IMTS) service applies to the timing of messages (completed calls) and starts when the channel is seized by the calling party, or by the operator when operator assistance is required, and stops when the first party or the operator disconnects.

Conditions of Service

Manual service shall be provided until the introduction of dial (IMTS) service.

Upon the introduction of dial (IMTS) service, manual service shall be discontinued in the 150 MHz and 450 MHz bands.

(END OF APPENDIX B)