

ORIGINAL

Decision 82 03 017 AUG 4 - 1982

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for authority to increase certain intrastate rates and charges applicable to telephone services furnished within the State of California.

Application 59849
(Filed August 1, 1980;
amended August 28, 1980
and October 14, 1980)

In the Matter of the Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation, for authority to increase certain intrastate rates and charges applicable to telephone services furnished within the State of California.

Application 59269
(Filed November 13, 1979;
amended November 15, 1979)

Re Advice Letter (PT&T) No. 13640 to reprice certain telephone terminal equipment and Resolution No. T-10292 granting approval of said changes.

Application 59858
(Filed August 1, 1980)

In the Matter of Advice Letter Filing No. 13641 of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to increase certain rates for key telephone service by \$30.1 million.

Application 59888
(Filed August 19, 1980)

Investigation on the Commission's
own motion into the rates, tolls,
rules, charges, operations, costs,
separations, inter-company settle-
ments, contracts, service, and
facilities of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a California
corporation; and of all the tele-
phone corporations listed in
Appendix A, attached hereto.

Investigation on the Commission's
own motion into the rates, tolls,
rules, charges, operations, costs,
separations, inter-company settle-
ments, contracts, service, and
facilities of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a California
corporation; and of all the tele-
phone corporations listed in
Appendix A, attached hereto.

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 63
(Filed December 18, 1979)

OII 81
(Filed August 19, 1980)

OII 84
(Filed December 2, 1980)

(See Decisions 93367 and 93728 for appearances.)

Additional Appearances

Marlin D. Ard, Attorney at Law, for The Pacific Telephone and Telegraph Company, applicant.

James L. Rhodes, for himself, protestant.

James S. Blaszak, Attorney at Law (Texas and District of Columbia), for American Broadcasting Companies, Inc. and CBS, Inc.; D. Laurence Padilla, Attorney at Law (New York), for American Telephone and Telegraph Company; Daniel R. Loftus, Attorney at Law (Tennessee), for Sonitrol Security Systems, Inc.; and Cohn & Marks, by N. Frank Wiggins, Attorney at Law (Washington, D.C.), for California Interconnect Association; interested parties.

INTERIM OPINION ON SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

This decision authorizes The Pacific Telephone and Telegraph Company (Pacific) to issue a tariff covering sale of single-line telephone equipment to its customers. In Decision (D.) 93367 in these proceedings the Commission discussed the desirability of Pacific offering terminal equipment for sale because of the approach of deregulation of that equipment. (Mimeo. pp. 166-168. See Appendix C.) We found that sale is a desirable concept and ordered Pacific, and any other parties who wanted to, to file proposals for the sale of equipment by September 15, 1981. Pacific filed as ordered on September 15 and made an additional filing on November 20, 1981. The staff entered its proposal at hearings in late November and early December 1981. About two dozen days of hearings on single-line sale were held before Administrative Law Judge (ALJ) Albert C. Porter from January 4, 1982 to March 9 when the matter was submitted. More than 60 exhibits were offered by numerous witnesses. The following schedule for completing the record was worked out by the parties, the two assigned Commissioners, and the ALJ: on April 7, parties who wished to could file comments on what

they considered to be the issues; on April 16, the ALJ filed an outline of a tentative proposal for sale of equipment; on April 26, a hearing was held to allow parties to discuss and criticize the ALJ's proposal and give the ALJ an opportunity to amend his proposal based on the discussion; on May 7, parties filed concurrent briefs on the ALJ proposal; and on May 13, oral argument was held before the Commission en banc.

With the matter awaiting our decision, on June 14 Pacific announced at the continued hearings in these matters its intention to file by advice letter a tariff for the sale of equipment. Pacific included a handout with their announcement which compared Pacific's proposal with that of the ALJ as amended by him at the hearing on April 26. (See Appendix A.) Pacific filed its proposal on June 21 as Advice Letter 14270. The one major difference in the two plans was that Pacific would have the sale program be optional, whereas the ALJ had recommended all customers be required to purchase equipment furnished by Pacific. Two other differences of note were that the interest rate for the monthly payment plan would be 1-1/2% per month instead of Pacific's currently authorized 12.91% rate of return (this would change the monthly payment over 12 months for a standard rotary, for example, from \$2.31 to \$2.38), and the warranty period would be reduced from 12 months for all equipment to 90 days for in-place and 180 days for inventory (new or rehabilitated) equipment. The ALJ informed the Commission on June 15, 1982 by memo that, based on the arguments made May 13, he would not oppose any of Pacific's changes.

Beginning with D.93367 and through statements by the ALJ on the record in the second phase of hearings in A.59849, the Commission has made it clear that sale of telephone equipment is a major Commission goal. As a step toward that goal we welcome Pacific's proposal which will significantly hasten the time when equipment will be available for sale to consumers.

Pacific's Proposal

Pacific's proposed tariff provides for sale of new and refurbished equipment from Pacific's inventory as well as in-place equipment. Sale would be limited to modular and modularizable equipment such as the "Big Six", i.e. rotary and Touch-Tone models of standard, Princess, and Trimline instruments. Customers of Pacific would have the option of continuing to rent "Big Six" equipment at monthly rates as provided for under present tariffs; however, on and after October 20, 1982, new or additional orders for all other single-line equipment would be offered for purchase only. Equipment other than the "Big Six" not purchased by current customers could continue under rental but be limited to the same customer on the same premises.

Pacific proposes that purchasers make payment by check or approved credit cards, be billed on a one-time charge basis, or be billed 6 or 12 equal payments with interest at $1\frac{1}{2}\%$ per month. For the "Big Six" a 180-day warranty would apply for equipment from inventory and 90 days for in-place equipment. All other equipment would be warranted for 90 days if sold from inventory and 30 days if sold in-place.

Pacific offers to work with the Commission staff to track the effects of the program and account for them in a balancing account. This would be done by monitoring the volume of sets sold by type and using per-unit estimates of the effect of each sale. Pacific would then seek an exchange access surcharge or credit to adjust the balancing account no sooner than 9 months after the effective date of the tariffs and every 6 months thereafter. Pacific believes the 9-month period is reasonable because it plans that all eligible customers will have received two notifications within 7 months of the effective date of the program.

Pacific requests the tariff revisions be implemented on October 20, 1982. Within 60 days of that date all eligible customers would be notified by mail of their option to purchase. Included in the notice would be equipment listings, prices, and a returnable form

to initiate the purchase option and payment method. A second round of notices would be mailed within the next 60 days. Pacific would review the customer notices with the staff prior to distribution.

Except as noted concerning the balancing account, Pacific claims approval of the proposal will not increase any rate or charge, cause any withdrawal of service, nor conflict with any schedules or rules. In compliance with General Order 96-A Pacific mailed a copy of the advice letter and related tariff sheets to competing and adjacent utilities and will do so to other utilities as requested. In addition, Pacific served all appearances in its current general rate case (Application (A.) 59849, et al.) and provided a copy at the June 22, 1982 hearing in that matter as Item 55. Three areas of the ALJ's recommendation and Pacific's proposal which closely follows that recommendation concern us. They are mandatory sale, prices, and the warranty period.

Mandatory or Optional Sale

Concerning the issue of mandatory or optional sale, there are four proposals. The staff recommends mandatory purchase of equipment by all new inward service customers and optional sale or rental of all equipment for existing service connections. Pacific recommended during the hearings that equipment purchase or rental be optional. The ALJ in his tentative plan submitted to us April 29 recommended mandatory purchase of all equipment. In its advice letter, Pacific proposes that purchase or rental be optional with the exception of equipment other than the "Big Six" which, on new installations, would have to be purchased. The ALJ indicated in his memo of June 15 that Pacific's proposal was satisfactory to him. Based on the record and in particular the arguments we heard May 13, we believe the advice letter proposal of Pacific is a reasonable compromise and should be approved with certain modifications we will discuss later. Based on the record, this would provide consumers a choice of buying or renting the vast majority of single-line equipment.

Prices and Warranties

The issues of prices and warranty period are intertwined. Pacific and the staff both proposed warranties of 30 days for in-place equipment and 60 days for new or refurbished equipment. The ALJ recommended 12 months for all equipment. Pacific's advice letter proposal is a compromise and would provide different warranty periods for "Big Six" and all other equipment. "Big Six" new or rehabilitated equipment (inventory) would be warranted for 180 days and in-place 90 days. All other equipment would be 90 days and 30 days for inventory and in-place, respectively. The prices Pacific proposes are identical to those in the ALJ's tentative plan submitted to us and shown in Appendix A. At the hearing on April 26 the ALJ stated that he had generally adopted Pacific's pricing development methods adjusted for the cost of a longer warranty period and effects of income taxes; he related in-place and repair/exchange charges to the inventory prices for expediency.

Table 1 is a summary from the record of "Big Six" recommended prices and comparisons. It will be noted there are significant differences between prices recommended by the staff and Pacific. An analysis of the price development by staff and Pacific of a single, in-place, standard rotary set will illustrate why the differences exist. Table 2 shows the staff development of and recommended sale price of \$15.07 and Pacific's of \$23.00. There are two main differences in the methods, the factor to apply to gross book value to obtain adjusted gross book value and the add-ons to net book value to obtain recommended sale price. Pacific's factor to adjust gross book is identical to that required to be on file with the FCC in conformance with its uniform system of accounts and is the factor used when equipment is retired. This fact was not disputed by the staff. If Pacific carried only one instrument on its books, it would be at \$19.00. If it is retired, the capital accounts would be reduced by \$19.00, not the staff's \$15.76. An unaccounted for \$3.24 would be left in the capital accounts.

TABLE 1
 "Big Six"
 Recommended Prices
 And Comparisons

	<u>Standard</u>		<u>Princess</u>		<u>Trimline</u>	
	<u>ROT</u>	<u>T-T</u>	<u>ROT</u>	<u>T-T</u>	<u>ROT</u>	<u>T-T</u>
<u>Staff</u>						
In Place ⁽¹⁾	\$15.07	\$28.27	\$15.07	\$28.27	\$26.00	\$31.77
New	32.56	70.91	60.33	79.39	69.43	84.90
Rehab. w/o Exch.	26.96	47.05	38.69	56.82	41.70	49.36
Average	29.76	58.98	49.51	68.11	55.57	67.23
Rehab. w. Exch.	14.68	20.25	16.85	19.46	17.41	18.72
<u>Pacific</u>						
In Place	23.00	40.00	30.00	45.00	40.00	55.00
Inventory ⁽²⁾	34.95	56.95	44.95	64.95	54.95	69.95
After Warranty Repair Charge ⁽³⁾	20.00	25.00	31.00	33.00	23.00	24.00
<u>Non-Bell Equip.</u>						
Sale Prices:						
Low	29.95	54.95	45.00	74.50	43.38	56.39
High	42.95	69.95	64.50	79.95	59.95	79.95
Average	36.45	62.45	54.75	77.23	51.67	68.17
Min. Out-of- Warranty Repair Charge:						
Low	4.50	5.00	9.50	9.50	4.50	5.00
High	20.00	20.00	10.00	10.00	20.00	20.00
Ex. 388 p. 6-5	19.96					
<u>WECO Price New to</u>						
<u>PT&T</u>	35.03	40.25	47.83	63.32	45.16	56.76
<u>General</u>	(4)	54.95	(4)	(4)	(4)	74.95
<u>Continental</u>	29.95	49.95	59.95	72.95	44.95	61.95
<u>ALJ</u>						
<u>Recommendation:</u>						
From Inventory	35.00	55.00	45.00	65.00	55.00	75.00
In place ⁽⁵⁾	26.00	41.00	34.00	49.00	41.00	56.00
Repair or exchange ⁽⁶⁾	18.00	28.00	23.00	33.00	28.00	38.00

(1) Includes \$3 transaction charge for one set.

(2) Includes new and rehabilitated used.

(3) Pacific would have the option to repair or replace.

(4) Not offered.

(5) 75% of inventory price.

(6) 50% of inventory price.

TABLE 2

In-Place Pricing - One Standard Rotary SetPacific's Method

Gross Book Value		\$14.55
Adjust For:		
Sales Tax	.07285	
Miscellaneous	.01211	
Nondisposition Material	.21402	
Supplies Expense	.06937	
Western Electric Deferred Taxes	<u>-.06220</u>	
	.30615 *	
Adjusted Gross Book Value		
= 1.30615 x 14.55 =		\$19.00
Less Depreciation Reserve 21.6%		<u>4.11</u>
Net Book Value		\$14.89
Sales Expense		6.00
Administrative Expense		.90
Warranty Expense (30 days)		<u>.29</u>
Total		\$22.08
Recommended Sale Price		\$23.00

* .30615 is the loading factor filed with the FCC under its Uniform System of Accounts for A/C 231-Station Apparatus and is applied to obtain gross book value for equipment retirements.

(Continued)

TABLE 2
(Continued)

In-Place Pricing - One Standard Rotary Set

Staff's Method

Gross Book Value		\$14.55
Adjust For:		
Sales Tax	.075	
Miscellaneous	.009	
Nondisposition Material	.039	
Accessory Items	<u>-.040</u>	
	.083	
Adjusted Gross Book Value		
= 1.083 x 14.55 =		\$15.76
Less Depreciation Reserve 22.62%		3.57
Less Excess Investment Tax Credit		<u>.12</u>
Net Book Value		\$12.07
Transaction Charge		<u>3.00</u>
Recommended Sale Price		\$15.07

:

Staff adds to its net book value figure a flat \$3.00 transaction charge for sale of equipment. Pacific adds \$7.19 consisting of three items: sales, administrative, and warranty expense. Staff's \$3.00 is based on estimates provided by General Telephone Company of California of the cost of notifying customers of equipment for sale and the transaction costs of sale. Pacific's estimate is based on an analysis of the potential "take" if sets are offered, whether the sale would be handled by mail or through phone or service centers, the costs of notification, record updating, and billing and collecting. The administrative factor is a standard used by Pacific and the one-month 29¢ warranty expense is based on estimated set repair costs used for rental pricing. The ALJ added an additional 11 months' expense to his recommended prices to account for the 12-month warranty he proposed.

One thing we want to avoid in approving a sale plan is any burden on the customers who do not take advantage of the plan. For example, if the program will eventually require a significant surcharge on exchange access rates, then those customers who elect to continue to rent will be paying discriminatory rates. A balancing act is required to set prices high enough to avoid a significant surcharge but not so high as to discourage sales. Because the proposal calls for a balancing account, we anticipate any problems with revenue requirement will be short term. Although we are not enthusiastic about a balancing account, we are concerned that there is not enough in the record to date to determine the per-unit estimates of the effect of each sale, and we will direct the parties to develop and present such information at further hearings. Examples of items which may affect the balancing account are nonvariable portions of the sales expense, income tax treatment, interstate settlements, program savings, warranty costs, and the mix of instrument types sold.

We believe customers wanting to buy in-place equipment should be given the best possible price. The record indicates that the \$6 sales expense estimated by Pacific and shown on Table 2 is a

meld of the cost of handling in-place sales by mail, through phone centers, and through residence and business service centers. The cost of a transaction by mail is \$1.65 per phone. Therefore, it appears reasonable that customers buying in-place equipment by mail should be given a price break because they cause Pacific less expense. On the other hand, buyers of in-place equipment who feel they must go to a phone or service center should pay for that extra service. Reducing the \$6 by \$1.65 gives us \$4.35 which we will round to \$4 per unit as a fair approximation of the added cost of handling sales at phone or service centers. A further reduction to the in-place prices proposed by Pacific can be made for the reduced warranty period proposed (90 days) over the one year recommended by the ALJ and reflected in his recommended prices. The record contains the warranty cost per month for the "Big Six" instruments which, when multiplied by 9 months, adjusts Pacific's proposed prices to a 90-day warranty. Table 3 shows the above calculation for the "Big Six" instruments. We recognize the difficulties Pacific may have in administering the \$4 extra charge, but we firmly believe the price break available for mail-only transactions will reduce phone and service center transactions to a minimum.

TABLE 3

Big Six
In-Place Prices for
Mail-Only Transactions

	<u>% Of Total</u> (1)	<u>Proposed Price</u> (2)	<u>Warranty Cost Per Month</u> (3)	<u>9 Months' Warranty</u> (4)	<u>Reduction In Sales Expense</u> (5)	<u>Adjusted Price*</u> (6)
<u>Standard</u>						
Rotary	38	\$26	\$.29	\$2.61	\$4.35	\$19
T-T	27	41	.33	2.97	4.35	34
<u>Princess</u>						
Rotary	2	34	.34	3.06	4.35	27
T-T	6	49	.38	3.42	4.35	41
<u>Trimline</u>						
Rotary	6	41	.31	2.79	4.35	34
T-T	21	56	.33	2.97	4.35	49

* Col. (2) - Col. (4) - Col. (5) rounded to nearest \$1.

Table 4 is a summary of all "Big Six" prices authorized by this decision and is comparable to the table at Item 5 in Appendix A, Page 3:

TABLE 4

	<u>Authorized Prices</u>					
	<u>Standard</u>		<u>Princess</u>		<u>Trimline</u>	
	<u>ROT</u>	<u>T-T</u>	<u>ROT</u>	<u>T-T</u>	<u>ROT</u>	<u>T-T</u>
From inventory	\$35.00	\$55.00	\$45.00	\$65.00	\$55.00	\$75.00
12 payments	3.21	5.04	4.13	5.96	5.04	6.88
In-place by mail	19.00	34.00	27.00	41.00	34.00	49.00
12 payments	1.74	3.12	2.48	3.76	3.12	4.49
Repair/exchange	18.00	28.00	23.00	33.00	28.00	38.00
For comparison:						
Current PT&T lease	1.08	1.68	2.27	3.13	2.70	3.51
Difference between monthly payment for in-place and current lease	.66	1.44	.21	.63	.42	.98

We will adjust Pacific's proposed warranty period so that all equipment will be treated equally, 180 days on equipment sold from inventory or repaired or exchanged and 90 days on in-place.

Additionally, there are several other adjustments we believe necessary to the advice letter filing.

Lost Telephones

Pacific currently pays \$5 to customers who return instruments to its phone or service centers upon termination of service. However, even with that provision, significant numbers of phones are lost to the company, costing ratepayers a sizable amount. Exhibit 371 shows that more than five million phones with a total investment of \$139 million were lost in the ten-year period 1971-80. One way to counter this as proposed by Pacific is to simply bill customers for phones not returned. One problem with that approach up

to now has been how much to bill. With the establishment of the in-place prices that problem is now solved. We heartily endorse Pacific's proposed solution and believe it should be instituted as soon as possible. Coincidentally, the \$5 return credit should be eliminated. This would also work to Pacific's advantage now that we are authorizing sale of equipment because it will prevent customers from returning property to Pacific that is not the customers' and taking the \$5 "across the street" to apply to the purchase of a phone from a third party. The additional revenue and reduced expense from this change should be included in Pacific's tracking account.

Protest of California Interconnect Association

By a timely filed protest to Advice Letter 14270, California Interconnect Association (Interconnect Association) requests suspension of the advice letter and its consolidation with A.59849 et al. Interconnect Association's protest goes to the minimum prices Pacific proposes, not the initial sale prices. Interconnect Association states, "Although we would not oppose an advice letter filing proposing to tariff single line set sale prices at or above the levels recommended by Judge Porter, we vigorously protest Pacific's assumption that advice letter approval of a tariff establishing a price floor significantly below that recommended by Judge Porter is appropriate." While Interconnect Association does not object to the initial prices, it argues that the minimum prices proposed are below cost and, if adopted, would be both anticompetitive and unfair to the general body of ratepayers who must subsidize any sales below costs.

We agree with Interconnect Association that a price floor should not be established at this time below the initial prices authorized by this decision which are based on our judgment of costs; and it would not be appropriate to permit Pacific to price below these costs without providing a convincing

rationale. However, as discussed in the previous section, the prices we adopt are lower for in-place equipment than those originally filed by Pacific, because of our assessment that in-place equipment can be sold by mail at a lower cost due to avoidance of certain administrative overheads. Therefore we reject Interconnect Association's protest, because no equipment will be sold below cost. In the future, Pacific must make a showing before changing any prices, giving interested parties protection from anticompetitive actions by Pacific. ✓

Competitive Considerations

Interconnect Association, a competitor to Pacific in furnishing equipment to telephone users, participated vigorously in the hearings on single-line equipment sale. No other direct sale competitors to Pacific appeared. As noted, Interconnect Association does not oppose the prices recommended by the ALJ even though it offered its own set of prices through a witness. We note also that, even though Interconnect Association would prefer to see Pacific sell at prices it proposed, it recognized in its protest to the advice letter that the ALJ had, "after careful consideration of competing theoretical and factual contentions, evaluated and synthesized the evidence and derived recommendations for the proper pricing of such sale offerings." The Interconnect Association's major concern is that prices not be below cost, a criterion with which we concur. We find that none of the prices authorized in this decision are below cost. In further evaluating the effects of this decision on competition, we compare the prices on Table 1 recommended by the ALJ, which Pacific is adopting, with those of non-Bell System equipment vendors as taken from the record. In all cases but one, the inventory prices fall between the low and high non-Bell prices. In the case of in-place equipment, there is no doubt Pacific has an advantage because it is "there" already. But one must note that the equipment in-place is used and may be almost new or several years old. Even so, the \$19 in-place, by-mail price

for the most common piece of equipment, the standard rotary, is only slightly below the "discount house" price of \$19.96 for a new phone (Exhibit 388). Pacific's current and potential competitors in the telephone equipment market should find reasonable opportunities to compete at the prices established for Pacific equipment by this decision.

Other Considerations

Our normal manner of handling the approval of advice letters is by Commission resolution. Because of the special nature of Advice Letter 14270 we will dispose of it by this decision. For that purpose we will consolidate Advice Letter 14270 with A.59849 et al., by this order.

We are anxious that customers of Pacific understand fully the opportunity they will have as a result of the tariff filing authorized by this decision. Therefore, we will order Pacific to clear the announcement to its customers on the sale of equipment with the Commissioners and ALJ assigned to these matters.

There seems little doubt that very soon, under one of the various efforts now being made to open up competition in the telecommunications industry, Pacific's customers may no longer have an opportunity to purchase their telephone equipment under a regulated environment. For instance, under the current Computer II decision of the FCC, effective January 1, 1983 all new phone equipment put into service in Pacific's territory would be owned by a fully separated, unregulated subsidiary of the Bell System. If the current consent decree between AT&T and the US Justice Department is approved, all embedded equipment would go to AT&T at the beginning of 1984. While we believe terminal equipment deregulation ultimately will be beneficial for consumers, a major transition problem exists. AT&T, through its ownership of the embedded base of terminal equipment, could, upon deregulation, exert substantial market power and conceivably

raise terminal equipment prices substantially. AT&T's migration strategy found in D.93367 is evidence of AT&T's ability and intention in this regard. The sale of much of the embedded base to customers should reduce AT&T's potential market power, and ease the transition to full deregulation.

On the other hand, we acknowledge that AT&T's terminal equipment prices could fall after deregulation depending upon competitive conditions then prevailing. Therefore, we can only say that this decision provides Pacific's customers an opportunity to evaluate the sale option. We recommend that each customer carefully consider Pacific's prices and those of its competitors. We do believe that buying a telephone at these prices makes good sense for most customers when compared with continued rental of the in-place telephone. The prices are fair for Pacific and its customers and are consistent with historic regulatory conventions. Many customers, we are sure, will criticize the program because they have had their phones in place for a long time and believe they long ago paid for them. However, the group method used to book investment and depreciation does not provide a means of determining when a phone was put into service nor where it has served. This problem was fully explored on the record with no satisfactory solution. For instance, the record shows that the basic rotary dial set used by Pacific today was introduced in 1949! Pacific, as all phone companies do, cycles its equipment by refurbishing it when possible. Equipment put into service from inventory may be rebuilt or brand new. Outwardly there seems to be no difference in appearance and, functionally, they perform identically. ✓

To permit customers to compare the sale option with the current rental costs, we will order Pacific, within 90 days, to break out on customers' bills the individual charge for each telephone instrument under rental. While this will add additional

lines to bills, this information is valuable for customers in choosing among terminal equipment options.

As we stated earlier, we want to see the sale program implemented as soon as possible. So even though the tariff approved as Appendix B shows, as requested by Pacific, October 20, 1982 as the effective date of the program, if it can be implemented sooner, so much the better as long as customers have at least 30 days' notice. Charging for nonreturn of Pacific equipment should be instituted as soon as possible and be coincident with rescission of the \$5 equipment return payment.

Finally, there was concern by some parties that the method of sale and prices for single-line equipment not be a precedent for a program for multiline equipment. We agree with their position.

Separation and Settlements

One of the issues in the proceeding was the impact the sale plans would have on the revenues Pacific receives from the separations and settlements process. Parties raised the concern that the sale would reduce the allocation of nontraffic sensitive costs to long distance calls, and thereby result in a local revenue shortfall. This problem should be ameliorated by the terminal equipment phase-out recommended by the Federal/State joint board dealing with the subject, and adopted by the FCC in CC Docket 80-286 orders on February 24, 1982 and May 24, 1982. Under that plan, ✓ the terminal equipment account can be capped at any time for separations purposes and written down over five years regardless of the actual amount of terminal equipment on the books for other purposes.

Establishing a cap before January 1, 1983 is optional, and economics should determine whether or not to select this option. We will request Pacific to provide a study within 30 days on whether it would be desirable to apply a cap before January 1, 1983 to take into account the impact of this order.

Findings of Fact

1. Offering terminal equipment for sale to Pacific's customers is desirable because deregulation of that equipment is imminent.

2. Pacific and the staff complied with the order of the Commission in D.93367 by presenting complete proposals for the sale of single-line telephone terminal equipment.

3. Hearings were held on the Pacific and staff proposals and modifications of these proposals suggested by several interested parties at which time all interested parties had an opportunity to appear and be heard.

4. Pacific filed Advice Letter 14270 on June 21, 1982 which contains a proposal for the sale of single-line equipment quite similar to that proposed to the Commission by the ALJ assigned to these matters.

5. Only one protest to Advice Letter 14270 was timely filed with the Commission.

6. If the proposal in Advice Letter 14270 modified as indicated in the opinion portion of this decision is approved, no equipment will be sold below cost; the sale program therefore will not be anticompetitive.

7. There is not enough information in the current record to determine the overall effects of the sale program on Pacific's revenue requirement as approved in D.93367.

8. Further hearings should be held to develop the informational deficiency mentioned in Finding 7.

9. Lost or unreturned telephones are a significant economic burden on Pacific's ratepayers.

10. The economic burden of lost telephones will be significantly reduced if customers not returning phones on disconnection are charged for them at the rate approved by this decision for sale of in-place equipment.

11. Pacific currently pays customers \$5 for the return of each piece of equipment on disconnect as an incentive to return the equipment and avoid pickup by Pacific personnel.

12. When the charge for unreturned phones as outlined in Finding 10 is instituted, the \$5 credit referred to in Finding 11 will no longer be necessary.

13. The method of sale and the prices for equipment approved by this decision will allow Pacific and other vendors of telephone equipment to reasonably compete among themselves.

14. The method of sale and the prices for equipment approved by this decision are not intended to set a precedent for multiline equipment sale methods and/or prices.

15. The rates, charges, and conditions authorized by this decision are just and reasonable and present rates, charges, and conditions, as they differ from the rates, charges, and conditions authorized by this decision are, for the future, unjust and unreasonable.

16. Providing a separate entry on the telephone bill for terminal equipment rental costs would provide valuable information for customers in deciding whether or not to purchase their telephones.

17. Pacific should evaluate the benefits of the option it has under FCC decision to cap its customer premises equipment account for separation and settlements purposes.

18. Because there is an immediate need for the tariff authorized, this decision should be made effective today.

Conclusions of Law

1. Pacific is a public utility under the jurisdiction of this Commission.

2. To the extent not adopted in this decision Interconnect Association's protest should be denied.

3. Based on the foregoing findings of fact and under Public Utilities Code Section 455 this Commission may grant Pacific authority to institute the tariff provided for in the following order.

INTERIM ORDER

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is authorized to file the tariff attached as Appendix B no earlier than the effective date of this decision and on not less than five days' notice to the Commission and the public.

2. Sale of equipment under the tariff authorized in Ordering Paragraph 1 shall not commence prior to Pacific's present customers being given 30 days' notice of the program.

3. Pacific shall submit its proposed notice to customers of the sale program to the Commissioners and ALJ assigned to these matters for their review.

4. Tariff sheets filed under the authority of this decision shall be marked to show the number of this decision as authorization for their issuance.

5. For all monthly bills rendered to single-line customers 90 days after the effective date of this decision, Pacific shall show the monthly rate for each utility-owned telephone set provided to the customer of the six standard types authorized for sale herein.

6. Pacific shall provide the Commission within 30 days of the effective date of this decision a report on whether it is beneficial to cap its customer premises equipment account for separations and settlements purposes before January 1, 1983.

7. Further hearings shall be scheduled in these proceedings to determine the overall effect of the sale program on Pacific's revenue requirement as approved in D.93367.

8. Advice Letter 14270 is consolidated with A.59849 et al.

9. Advice Letter 14270, to the extent not authorized by this order, is rejected.

10. Except for the issue of minimum prices, Interconnect Association's protest to Advice Letter 14270 is denied.

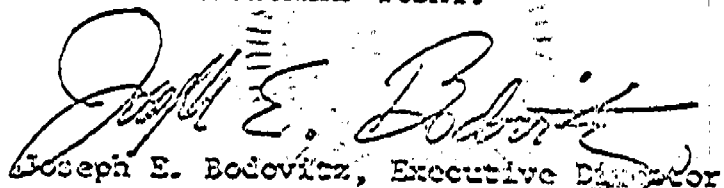
This order is effective today.

Dated AUG 4 1982, at San Francisco, California.

JOHN E. BRYSON
President
LEONARD M. GRIMES, JR.
VICTOR CALVO
PRISCILLA C. GREW
COMMISSIONERS

Commissioner Richard D. Gravelle, being necessarily absent, did not participate in the disposition of this proceeding.

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


Joseph E. Bodovitz, Executive Director

TENTATIVE
DIRECT SALE OF SINGLE-LINE INSTRUMENTS

ALJ PORTER'S TENTATIVE SALE PLAN
AS MODIFIED 4/26/82

1. Scope of equipment to be offered

Modular and modularizable single-line equipment and accessories. Does not include instruments used in multiline systems, e.g., KTS, PBX, CENTREX. Excludes coin & party line instruments.

2. Categories of equipment to be offered

- 2.1. Inventory (New or rehabilitated).
- 2.2. In-place
- 2.3. Repair or exchange at utility's option.

3. Customer options

- 3.1. In-place, new service, or additional equipment. Purchase under any payment option outlined under 4.

PACIFIC'S PROPOSED ADVICE LETTER FILING

1. Scope of equipment to be offered

Same

2. Categories of equipment to be offered

- 2.1.
- 2.2. Same
- 2.3

3. Customer options

- 3.1. In-place, new service or additional equipment
 - 3.1A. "BIG 6" instruments customer has option to purchase or continue month-to-month service (In-Place & Inward)
 - 3.1B. Other than "BIG 6" equipment
 - In-place - Customer Option
 - New or additional-Purchase only

3.2. Return equipment to utility within 120 days after program starts for 10% of the in-place price.

3.3. For in-place equipment under lease not returned or purchased under Plans 4.1 or 4.2 monthly rental billing automatically converts to 12-month payment plan as in 4.3.

Customer with more than one instrument may make lump sum payment or elect payment options for each of any of the instruments.

4. Method of payment

4.1. Single payment billed by utility, or can pay immediately by check-not wait for billing.

4.2. Approved credit card.

4.3. Twelve equal monthly payments at utility's currently authorized rate of return. Billed by utility on regular monthly bill for service.

Title would pass to customer on date of purchase (start of 12 month period).

3.2. Not Applicable since Pacific is offering optionality.

3.3. For In-Place equipment under month-to-month service not returned when customer disconnects service, Pacific will bill the customer in full the in-place price on the final bill. (unreturned equipment)

Method of payment

4.1. Same

4.2. Same

4.3. Customer option at 6 or 12 months at 18% annually or 1 1/2% month. Billed by utility on regular monthly bill for service.

Title would pass to customer on date of purchase (start of 12 month period).

5. Equipment prices

	Standard		Princess		Trimline	
	ROT	T-T	ROT	T-T	ROT	T-T
From inventory	\$35	\$55	\$45	\$65	\$55	\$75
12 months ¹	3.11	4.89	4.00	5.78	4.89	6.67
In place ²	\$26	\$41	\$34	\$49	\$41	\$56
12 months	2.31	3.65	3.02	4.36	3.65	4.95
Repair/exchange	\$18	\$28	\$23	\$33	\$28	\$38
12 months	1.60	2.49	2.04	2.93	2.49	3.38
For comparison, current FT&T lease	1.08	1.68	2.27	3.13	2.70	3.51

6. Warranty

Full "normal use", utility-provided, warranty for one 12-month cycle for all equipment offered. Repair or exchange fee for out-of-warranty equipment would apply at utility outlet.

*To provide customer same repair service that is available under the current month to month plan.

¹ Payments calculated for example at 12.91% interest per year cost.

² Includes transaction charge. Additional sets in same transaction would be \$2.75 less.

5. Equipment prices

Same except as noted below:

5.1. 6 and 12 deferred payment option.

5.2. Repair/exchange prices:
Standard Rotary \$20
Princess Rotary \$31

5.3. Additional set discount deleted
(see note 2 below)

6. Warranty

Utility provided warranty for 90 days on in-place equipment and 180 days for equipment sold from inventory.

1. Deleted

2. Deleted

7. Identification of purchased equipment

Sales receipt and non-removable, dated sticker issued for each set purchased. Where practical, data could be carried in utility's customer records identification system.

No requirement for "unique" numbering.

8. Income tax effects and accounting for sales

Because the recommended program will discontinue leasing and all applicable equipment will be sold, the Commission will require further comments on this issue from the parties. Sale transactions will probably be classed as extraordinary retirements.

9. Implementation timing

Program begins 120* days after effective date of decision. This will allow time for two mailings to customers and customer response.

*Company will have an additional 120 days to complete.

10. Program tracking and evaluation

Utilities and staff will set up a system to monitor effects of the program as it proceeds. A balancing account approach should be considered. Occasional hearings may be necessary.

7. Identification of purchased equipment

Same

8. Income tax effects and accounting for sales

Pacific's proposal is not expected to replace all month-to-month service. Pacific will meet with the Commission Staff during the implementation period to propose and discuss the accounting treatment and tax consequences resulting from direct sale.

9. Implementation timing

Sale program begins 90 days after the effective date of tariff. Within an additional 60 days all customers will be notified by mail of their option to purchase. Mailing will include equipment listing, prices and return form to initiate the purchase option a second notice will be mailed in subsequent 60 days.

10. Program tracking and evaluation

Pacific and the staff will set up a system to track volumes of units sold in order to estimate total changes in revenue requirement.

11. Revenue requirement

If necessary, depending on results of 10, establish a modest exchange access charge or credit after the effective date of the program and continue until decision in next major rate case. One year 6 months and at 6 month intervals. The 6 month period will begin 120 days following the full decision.

12. Miscellaneous matters

- 12.1. Adopt Pacific proposal for purchase of in-place sets by mail or at utility outlet.
- 12.2. Design Line sets become property of customers leasing them but customers continue paying monthly charges for one year, 12-month warranty on electrical components.
- 12.3 At the utilities option repairable sets with purchase sticker and proper identification may be returned for one-half of inventory price.
- 12.4 At the utilities option equipment with purchase sticker and proper identification may be upgraded by payment of difference between the repair/exchange charge and inventory price, e.g., a standard rotary could be upgraded to a standard Touchtone for \$37, \$55-\$18.

11. Revenue requirement

If necessary Pacific will propose an exchange access charge or credit as early as 6 months and at 6 month intervals after the effective date of the sale program implementation.

12. Miscellaneous matters

- 12.1 Same
- 12.2. Same
- 12.3. Same
- 12.4. Same
- 12.5. Sale and Repair prices for other single-line products will be as proposed in Exhibit 388
- 12.6. Pacific will file a schedule of repair charges for Design Line Telephones.

(END OF APPENDIX A)

APPENDIX B
Page 1

PRELIMINARY STATEMENT

F. ALPHABETICAL LIST OF SCHEDULES - Continued

<u>SCHEDULE CAL.P.U.C. NUMBER</u>	<u>TITLE OF SCHEDULE</u>
	Private Line Services and Channels: - Continued
49-T	Channels for One-way Program Transmission Networks in Connection with Loudspeakers
48-T	Channels for One-way Speech Networks in Connection with Loudspeakers
47-T	Channels for Program Transmission in Connection with Loudspeakers
104-T	Channels for Remote Metering, Supervisory Control, Miscellaneous Signaling and Voice Frequency Monitoring Purposes
139-T	Channels for Remote Operation of Private Mobile Radiotelephone Systems
126-T	Channels for Television Transmission for Use in Educational Television Systems
102-T	Channels for Video Transmission in Connection with Television Viewers
142-T	Continuous Time Announcement Service
167-T	Dataphone Select-A-Station Service
44-T	General Regulations
118-T	Key Equipment Systems for Air Defense Communications
123-T	List of Rate Centers for V-H Mileage Measurements
51-T	Move and Change Charges
45-T	Private Line Telephone Service
46-T	Private Line Teletypewriter and Morse Services
111-T	Special Assembly Services and Channels for Miscellaneous Experimental Purposes
50-T	Supplemental Equipment
122-T	Telpak Channels and Services
134-T	Wideband Service
157-T	Products and Services for Handicapped Customers
154-T	Remote Call Forwarding Service
36-T	Rules

Material omitted now on Sheet 11-A.

Continued

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Assistant Vice PresidentDate Filed:
Effective:
Resolution No.

F. ALPHABETICAL LIST OF SCHEDULES - Continued
PRELIMINARY STATEMENT

SCHEDULE CAL.P.U.C. NUMBER	TITLE OF SCHEDULE
162-T	Sale of Equipment
161-T	Sale of In Place Equipment Systems
168-T	Provided Terminal Equipment
42-T	Sale of Single-Line Telephone Equipment
83-T	Service to Employees
105-T	Special Assemblies of Equipment
152-T	Street Address Telephone Directory Service
166-T	Telephone Directory Reproduction Rights
147-T	Terminal Equipment
164-T	Telephone Address Telephone Directory Service
109-T	Two Tier Payment Plan
128-T	Variable Payment Plan (VTPP)
	Weather Forecast Service
	Wide Area Telephone Service

x(L)
|
x(L)
(N)*
|
x(L)

x(L)

* Effective (date)
x Formerly on Sheet 11.

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Assistant Vice President

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CORRECTION

CORRECTION

THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY

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PRELIMINARY STATEMENT

F. ALPHABETICAL LIST OF SCHEDULES - Continued

SCHEDULE CAL.P.U.C. NUMBER	<u>TITLE OF SCHEDULE</u>	
162-T	Sale of Equipment	x(L)
161-T	Sale of In Place Interior Wiring for Use with Customer- Provided Terminal Equipment Systems	 x(L)
168-T	Sale of Single-Line Telephone Equipment	(N)*
42-T	Service to Employees	x(L)
83-T	Special Assemblies of Equipment	
105-T	Street Address Telephone Directory Service	
152-T	Telephone Directory Reproduction Rights	
166-T	Terminal Equipment	
147-T	Two Tier Payment Plan	
164-T	Variable Term Payment Plan (VTPP)	
109-T	Weather Forecast Service	
128-T	Wide Area Telephone Service	x(L)

* Effective (date)
x Formerly on Sheet 11.

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Assistant Vice President

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PRELIMINARY STATEMENT

G. NUMERICAL LIST OF SCHEDULES - Continued

<u>SCHEDULE CAL-P.U.C. NUMBER</u>	<u>TITLE</u>
137-T	Cancelled
138-T	Cancelled
139-T	Private Line Services and Channels - Channels for Remote Operation of Private Mobile Radiotelephone Systems
140-T	List Service
141-T	Cancelled
142-T	Private Line Service and Channels - Continuous Time Announcement Service
143-T	Cancelled
144-T	Exchange Telephone Service - Supplemental Billing Service
145-T	Cancelled
146-T	Cancelled
147-T	Two-Tier Payment Plan
148-T	Exchange Telephone Service - Custom Calling Service
149-T	Optional Calling Measured Service
150-T	Facilities for Other Common Carriers
151-T	Cancelled
152-T	Telephone Directory Reproduction Rights
153-T	Exchange Telephone Service - Universal Emergency Reporting Service - 911
154-T	Remote Call Forwarding Service
155-T	Exchange Telephone Service - Automatic Call Distributing Service
156-T	Dataphone Digital Service
157-T	Products and Services for Handicapped Customers
158-T	Exchange Telephone Service - Electronic Tandem Switching
159-T	Directory Assistance Service
160-T	Exchange Telephone Service - Customer-Provided Residence Interior Wiring
161-T	Sale of In Place Interior Wiring for Use With Customer-Provided Terminal Equipment Systems
162-T	Sale of Equipment
163-T	Rejected
164-T	Variable Term Payment Plan (VTPP)
165-T	Horizon Communication System Service
166-T	Terminal Equipment
167-T	Dataphone Select-A-Station Service
168-T	Sale of Single-Line Telephone Equipment

(N)*

* Effective (date)

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APPENDIX B

Page 4

EXCHANGE TELEPHONE SERVICE

INDIVIDUAL AND PARTY LINE SERVICE

RATES - Continued

3. Primary Station Sets

Individual Access Lines and Primary Station Services

A rate for an individual access line does not include a telephone set with the line. A telephone set provided in connection with an individual access line may be a Utility-provided telephone set at the rates shown below, or an authorized customer-provided telephone set at the option of the customer. Access lines may be provided with equipment arrangements which require this grade of service.

A rate for individual line semipublic, two-party line and suburban service does include a telephone set with the line. These services are primary station services.

Telephone Set Rates

Access lines or primary station services are furnished with rotary dial service as the standard signalling arrangement. The line or service may be arranged for Touch-Tone Calling Service if the central office is equipped. Charges and rates to arrange the access line or primary station service for Touch-Tone Calling Service are shown in Schedule Cal.P.U.C. No. 132-T.

Where one or more nonkey Utility-provided telephone sets are provided, one such Utility-provided nonkey telephone set (excluding Princess and Trimline types and Touch-a-matic S Series) is the primary station set. The rates applicable to each nonkey Utility-provided telephone set provided in addition to the primary station set are as set forth in Rates 4.

Individual Access Lines

USOCMR

@ * Rate for a Utility-provided primary station set, excluding Princess and Trimline Types and Touch-a-matic S Series.

(C)#

Rotary dial telephone set
Touch-Tone dial telephone set

SET++ \$1.00
SET++ 1.55

See Special Conditions: *8.a.; @1.f.
Effective (date)

(C)#

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Page 5EXCHANGE TELEPHONE SERVICE
INDIVIDUAL AND PARTY LINE SERVICE

RATES - Continued

4. Each Extension Service *

Individual access line extension service will consist of interior wiring and a Utility-provided telephone set, authorized customer-provided telephone set, or without a telephone set as shown below. Two-party or suburban extension service will consist of interior wiring and will be furnished with a Utility-provided telephone set. Extension service rates apply to each Utility-provided telephone set provided in addition to the primary station set.

	USOC	MR			
		Business		Residence	
		Flat	Meas.	Flat	Meas.
Individual Access Line					
With telephone, each service requires an EXT and TEL++:					
Interior wiring	EXT	\$.30	\$.30	-	-
@ Telephone	(C)∅				
With Rotary dial	TEL++	1.00	1.00	\$1.00	\$1.00
With Touch-Tone dial	TEL++	1.55	1.55	1.55	1.55
Without telephone					
In connection with:					
Utility-provided equipment	EXL	.30	.30	-	-
Each authorized customer-provided telephone set or equipment	WRM	.30	.30	-	-
# Two-party line service					
Extension service:					
Interior Wiring	EXT	.30	-	-	-
Telephone					
With Rotary dial	TEL++	1.00	-	1.00	1.00
With Touch-Tone dial	TEL++	1.55	-	1.55	1.55
# Suburban Service					
Extension service:					
Interior Wiring	EXT	.30	-	-	-
Telephone					
With Rotary dial only	TEL++	1.00	-	1.00	-

Note: A Utility-provided jack is required for use with each Utility or authorized customer-provided telephone set or equipment.

Each extension service in connection with a two-party line or suburban service must consist of an EXT and a Utility-provided telephone set.

* Except Princess and Trimline Telephones not associated with Key Equipment Service - See Special Conditions 8.b.

See Special Conditions: @l.f.

∅ Effective (date)

(C)∅

Continued

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EXCHANGE TELEPHONE SERVICE

INDIVIDUAL AND PARTY LINE SERVICE

SPECIAL CONDITIONS - Continued

1. General - Continued

f. On and after October 20, 1982, the Primary Station Set and Extension Service Telephone (USOC's: SET++, TEL++) furnished with individual line exchange service will, at the time of disconnection of service, be subject to the provisions for discontinuance of service as set forth in Schedule Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment. (N)#

g. 30 Message Allowance Measured Rate Residence Service

- (1) This service is restricted to no more than one such service for each dwelling unit (premises).
- (2) This service will not be furnished on a foreign exchange basis.
- (3) Other residence primary service will not be furnished concurrently on the same premises.

h. Exchange Service Telephone Calls Billed to Other Than the Service From Which the Message Originates.

Upon request, the charges for a telephone call between two exchange stations located within each other's local service area may be:

- (1) Billed to or collected from the called telephone (i.e., charges may be reversed), or
- (2) Billed to other than the calling or called station.

Such service will be furnished at rates equivalent to the minimum toll rates for two-point operator station service, as set forth in Schedule Cal.P.U.C. No. 53-T, I., Rates, 1.k.

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

APPLICATION OF MULTI-ELEMENT SERVICE CHARGES - Continued

(3) * PhoneCenter - Simple individual exchange service	Per: USOC:	Charge Elements						
		Order		Line	Visit	IW	Sta	
		*M1	*M2	*M3	*OC	*M9	*WR	*HC
(a) Individual line service with any number of telephones, each line		x	-	-	x	-	-	-
(b) Change from rotary dial service to Touch-Tone Calling Service		-	x	-	x	-	-	-
(c) Change between rotary dial and Touch-Tone set		-	x	-	-	-	-	-
(d) Add or change instrument, one or more		-	x	-	-	-	-	-
(e)								
(f) Other additions and changes of supplemental equipment (except cords and adapter)		-	x	-	-	-	-	-
(g) Partial disconnect with return of set(s) - Modular or non-modular telephone set with associated supplemental equipment and certain modular supplemental equipment returned separately								(C)@
								Credit allowance of \$5.00 for each returned
# (h) Optional cord (new, add or change)		-	-	-	-	-	-	(C)@
(i) Complete disconnection of service with return of set(s) - Modular or nonmodular telephone set with associated supplemental equipment and certain modular supplemental equipment returned separately								(C)@
								Credit allowance of \$5.00 for each returned

See Schedule Cal.P.U.C. No. 162-T, Sale of Equipment for Optional cords. Standard cords will be replaced without charge, except for C-P sets. See Special Conditions: *15.
@ Not applicable on or after (date)

Continued

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

APPLICATION OF MULTI-ELEMENT SERVICE CHARGES - Continued

(3) * PhoneCenter - Simple individual exchange service -
Continued

Per: USOC:	Charge Elements						
	Order		Line	Visit	IW	Sta	
	*M1	*M2	*M3	*OC	*M9	*WR	*HC

(j) Customer moves of sets from the old to the new premises

Disconnection and new connection of a service of the same class, type and grade where:

1. both addresses are within the same exchange or in another Pacific exchange within the State of California, and
2. both premises are modular, and
3. except as otherwise provided in this schedule, the customer transports all the modular sets, modular cords and other modular supplemental equipment to the new premises by the date service is established

Individual line service, each line

x - - x - - -

Modular telephone set with associated supplemental equipment and certain modular supplemental equipment transported separately

Credit allowance of \$5.00 for each transported

(C)@

(C)@

See Special Conditions: *15.
@ Not applicable on or after (date)

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

Charge

(5) Returned Check Charge

Charge for each dishonored check as set forth in Schedule Cal.
P.U.C. No. 36-T, Rule Nos. 9.C. and 11-A.14.

\$5.25

(6) Sale of Equipment and Sale of Single-Line Telephone Equipment

(N)#

Refer to Schedule Cal.P.U.C. Nos. 162-T and 168-T for associated charges, prices and Special Conditions of Sale of Equipment and Sale of Single-Line Telephone Equipment. Once the purchase of an equipment or a single-line telephone equipment as set forth in those schedules has been completed, such set and/or equipment will be considered an authorized C-P set and/or equipment and treated accordingly for purposes of application of charges (or no charge) as set forth in this schedule. A customer may continue to have all, or none, or a mixture of Utility-provided and authorized customer-provided sets. Multi-Element charges will continue to apply to Utility-provided telephone sets, services and equipment.

(N)#

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

SPECIAL CONDITIONS - Continued

14. In-place connections - initial or subsequent

a. In-place connection charges provided for herein are in addition to the rates, nonrecurring and installation charges as set forth in other schedules.

- (1) In-place connection charges are applicable when an order for service is placed with the Utility by an applicant or customer for telephone instrumentalities and equipment on the applicant's or customer's premises are used in place with no change in color, type or location of facilities involved.
- (2) The applicability of in-place connection charges is dependent on the telephone instrumentalities and equipment having been used with former service of the same or different customer of the Utility on the same premises, and that special conditions found elsewhere in these schedules do not preclude their reuse.
- (3) An order for service may comprehend new service or an addition to an existing service arrangement as set forth in Schedule Cal.P.U.C. No. 36-T, Rule No. 3.
- (4) The installation and/or nonrecurring charges are not applicable to in place stations or equipment when reconnected without moves and changes.
- (5) In-place connection charges apply where telephone instrumentalities(C)* are removed by the Utility subsequent to the time an order has been placed and prior to the connection date. (C)*
- (6) In-place connection charges are not applicable upon discontinuance of a public telephone service, on the initiative of the Utility, and the immediate connection of semipublic telephone service using the in-place instrumentality.

* Not applicable on and after (date)

Continued

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

SPECIAL CONDITIONS - Continued

14. In-place connections - initial or subsequent - Continued

b. Moves and changes

- (1) When new service is established, use the applicable charge treatment shown below that produces the lower charge:

Charge the applicable initial multi-element service charges and other installation or nonrecurring charges for new service including all lines, stations and equipment ordered, or

Charge the applicable initial multi-element service charges for in-place service including all lines, stations and equipment ordered reconnected and applicable multi-element move and change charges.

- (2) When in-place instrumentalities or equipment are subsequently reconnected to an established service, use the applicable charge treatment shown below that produces the lower charge:

Charge the applicable subsequent multi-element service charges and other installation or nonrecurring charges for new stations and equipment, or

Charge the applicable subsequent multi-element service charges for in-place instrumentalities and equipment and applicable multi-element move and change charges.

c. Sale of Equipment and Sale of Single Line Telephone Equipment

Refer to Schedule Cal.P.U.C. No. 168-T for associated charges, prices and Special Conditions of Sale of Single-Line Telephone Equipment. Once the purchase of an equipment or a single-line telephone equipment as set forth in that schedule has been completed, such set and/or equipment will be considered an authorized C-P set and/or equipment and treated accordingly for purposes of application of charges (or no charge) as set forth in this schedule. A customer may continue to have all, or none, or a mixture of Utility-provided and authorized customer-provided sets. Multi-Element charges will continue to apply to Utility-provided telephone sets, services and equipment.

(N)#

(N)#

Effective (date)

Continued

Advice Letter No.

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Robert B. Roche
Assistant Vice President

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Effective:

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

SPECIAL CONDITIONS - Continued

15. Special Conditions Applicable to PhoneCenter - Continued

(1) When establishing service or adding to service

Except as otherwise provided, the customer must pick up all modular telephones at the PhoneCenter and connect the telephones in accordance with instructions provided by the Utility.

(2) When changing telephone sets

The customer must deliver to and pick up from the PhoneCenter all telephones affected by the change.

* (3) When discontinuing service, in order to receive the credit allowance (C)#
for return of sets on the customer's account as set forth in Schedule
Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment.

(a) Modular and Nonmodular

The customer must return sets with associated supplemental (C)#
equipment (such as Cords) billed to the customer's service to the
PhoneCenter or other Utility designated location within 30
calendar days from the effective date of the disconnection.

(b) Nonmodular (C)@

Same as 3(a) above except the customer may leave one or more
nonmodular sets on the premises for the Utility to recover. (C)@
Credit allowance will apply only to the sets that are returned.

Effective (date)

@ Not applicable on or after (date)

* Except C-P telephones and optional cords. (T)

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EXCHANGE TELEPHONE SERVICE

SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

SPECIAL CONDITIONS - Continued

15. Special Conditions Applicable to PhoneCenter - Continued

i.

j. Utility modular nonkey telephones and supplemental equipment as described in IV.15. above may be transported by the customer to the PhoneCenter for return or exchange or to a new address for new residence service of the same customer as set forth in IV.(3)(j) above. The IC or NRC as set forth in other schedules are not applicable to sets and supplemental equipment transported as set forth in IV.(3)(j)3. above. Design Line and Antique Decorator housings are moved and connected by the customer.

k. The credit allowance will also apply to certain modular supplemental equipment as set forth in Schedule Cal.P.U.C. No. 32-T and when associated with the customer's service and either returned to a Utility designated location or moved by the customer as set forth in IV.(3)(j) above. (C)@
|
|
(C)@

l. Both residence and business customers can order and pick up the following telephones and equipment at a PhoneCenter or other designated Utility location:

- The AutoMatic TelePhone
- CODE-A-PHONE 333
- TeleHelper Answer and Record
- TeleHelper Speakerphone
- Touch-a-matic 12
- Touch-a-matic S Series

When the above telephones or equipment are removed from service and transported to a new location by the customer, the IC is not applicable at the new location. (C)@
|
|
(C)@

@ Not applicable on or after (date)

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SERVICE CONNECTION CHARGES - MOVE AND CHANGE CHARGES -
IN PLACE CONNECTION CHARGES - MULTI-ELEMENT SERVICE CHARGES

IV. MULTI-ELEMENT SERVICE CHARGES - Continued

SPECIAL CONDITIONS - Continued

15. Special Conditions Applicable to PhoneCenter - Continued

(4) Sale of Equipment and Sale of Single-Line Telephone Equipment (N)#

Refer to Schedule Cal.P.U.C. Nos. 162-T and 168-T for associated charges, prices and Special Conditions of Sale of Equipment and Sale of Single-Line Telephone Equipment. Once the purchase of an equipment or a single-line telephone equipment as set forth in those schedules has been completed, such set and/or equipment will be considered an authorized C-P set and/or equipment and treated accordingly for purposes of application of charges (or no charge) as set forth in this schedule. A customer may continue to have all, or none, or a mixture of Utility-provided and authorized customer-provided sets. Multi-Element charges will continue to apply to Utility-provided telephone sets, services and equipment. (N)#

Effective (date)

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EXCHANGE TELEPHONE SERVICE
SUPPLEMENTAL EQUIPMENT

CREDIT ALLOWANCE

(C)#

Credit allowance as set forth in Schedule Cal.P.U.C. No. 28-T, IV., Multi-Element Service Charges, is provided for the following modular supplemental equipment: *

1. Automatic Answering and Recording Equipment

- a. The AutoMatic TelePhone
USOC's: TFA, TCC, TFS, TCJ, APC
- b. CODE-A-PHONE 333
USOC's: CFV, CJA
- c. TeleHelper Answer and Record
USOC: THE+X

2. Automatic Dialing Equipment

- a. Teledialer
USOC's: TDE, TDG
- b. Touch-a-matic Dialers
USOC's: T6J, T6D+I, T6G+I, T6G+2
USOC's: TAJ, TAX

3. Special Type and Standard Telephone Sets

All items

* No installation or nonrecurring charge is applicable when the customer transports the equipment to a new location.

Not applicable on or after (date)

(C)#

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EXCHANGE TELEPHONE SERVICE			
SUPPLEMENTAL EQUIPMENT			
AUTOMATIC ANSWERING AND RECORDING EQUIPMENT - Continued			
CHARGES AND RATES - Continued			
	<u>USOC</u>	<u>IC</u>	<u>MR</u>
(2) Automatic Answering and Recording Equipment - Continued			
(c) - Continued			
6. Each equipment to automatically transfer a line to another machine when the recording capacity of the machine in use has been reached	AJU	\$12.00 (T)\$.70
7. Foot pedal and associated equipment, at location of machine, for control of playback and rewind functions	T9T,AJX	6.50* (T)	.85
8. Automatic back-space unit for use with foot pedal and associated equipment	CDS,AAW	10.50**(T)	2.10
(d) The AutoMatic TelePhone † ## @			(C) †
1. Nonremote operation equipped with handset and:			
Rotary dial, each ††	TFA	32.00	14.00
Push-button dial, each ††	TFA	32.00	14.50
2. Adjunct Unit for nonremote operation, each ††			
	TCC	34.00	12.00
3. Remote operation equipped with handset and including one pocket coder with initial battery:			
Rotary dial, each ††	TFS	55.00	17.50
Push-button dial, each	TFS	55.00	18.50
4. Adjunct Unit for remote operation, including one pocket coder with initial battery, each ††			
	TCJ	55.00	16.50
5. Additional pocket coders with initial battery, each			
	APC	56.00	-
			(D)
			(D)
* This installation charge does not apply when this feature is installed at the same time as the automatic answering and recording equipment.			
** This installation charge does not apply when this feature is installed at the same time as foot pedal and associated equipment (Rate Item (2)(c)7-).			
See Special Conditions: ††9.; ††9.1., @9.m.			
† Trademark of the American Telecommunications Corp.			(C) †
‡ Effective October 20, 1982.			Continued

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC ANSWERING AND RECORDING EQUIPMENT - Continued

CHARGES AND RATES - Continued

	<u>USOC</u>	<u>IC</u>	<u>MR</u>
(2) Automatic Answering and Recording Equipment - Continued			
(e) CODE-A-PHONE 333* † @			(C)‡
1. Adjunct unit for remote operation, including one pocket coder with initial battery, each	CFV	\$55.00	\$17.00
2. Additional pocket coders with initial battery, each	CJA	36.50	-
(f) TeleHelper Answer and Record ** †	(C)‡ THE+X	35.00	12.00

See Special Conditions: *10, **11., @10.h., †11.h.
 † Registered Trademark of Ford Industries, Inc.
 ‡ Effective October 20, 1982.

(C)‡

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC ANSWERING AND RECORDING EQUIPMENT - Continued

SPECIAL CONDITIONS - Continued

9. The AutoMatic TelePhone - Continued

- h. The AutoMatic TelePhone equipped with a push-button dial is only offered in connection with a line equipped for Touch-Tone Service.
- i. On and after July 1, 1981, the offering of The AutoMatic TelePhone (USOC's: TFA, TCC, TCJ and TFS - Rotary dial) will be limited to the same customer on the same premises at the charges and rates specified.
- j. When a change, from AutoMatic TelePhone equipments shown in i. above, is initiated by the Utility, an AutoMatic TelePhone - Push-button dial (USOC: TFS) may be furnished. Where provided, it may be done without the application of the installation charge for the AutoMatic TelePhone (USOC: TFS) but the monthly rate for the latter equipment will be applicable. Also, multi-element charges are not applicable.
- k. The Utility will not install, move or disconnect The AutoMatic TelePhone equipment as it is modular in design and provides for customer participation in the installation, movement or disconnection of this equipment.
- l. The customer will either pick up The AutoMatic TelePhone (USOC: TFS - Push-button dial) at authorized Utility locations or request it be shipped. The average shipping charge for each AutoMatic TelePhone is \$3.00. The average shipping charge for each additional pocket coder is \$1.20. (C)*
(C)*
- m. On and after October 20, 1982, the charges and rates for The AutoMatic Telephone (USOC: TFS, TFA, TCC, TCJ, APC) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises. (N)*
(N)*

* Effective October 20, 1982.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC ANSWERING AND RECORDING EQUIPMENT - Continued

SPECIAL CONDITIONS - Continued

10. CODE-A-PHONE 333

- a. It has a capacity for a 28-second announcement message and for recording a cumulative total of 30 minutes of incoming messages. Recorded messages may be of any length up to the 30 minute capacity. Recording of the announcement message is the sole responsibility of the customer.
- b. The CODE-A-PHONE 333 is a modular adjunct unit available for use with individual line modular key or non-Key Equipment station service and PBX/CTX modular key or non-key equipment.
- c. It is equipped for remote play-back and erasure from another telephone by means of a specially coded command (one of six) from a battery-operated hand-held transmitter (pocket coder). Replacement batteries for the pocket coder shall be furnished by the customer.
- d. Commercial power and outlet will be furnished by the customer who assumes all responsibility for the safe condition of such outlet and power.
- e. The customer will be responsible for payment of the cost of replacing a damaged, destroyed or lost pocket coder, (See Schedule Cal.P.U.C. No. 36-T, Rule No. 16, IV.C.).
- f. The Utility will not install, move or disconnect the CODE-A-PHONE 333 as the equipment is modular in design and provides for customer participation in the installation, movement and disconnection of this equipment.
- g. The customer will either pick up the CODE-A-PHONE 333 at authorized Utility locations or request it be shipped. The average shipping charge for each CODE-A-PHONE is \$3.00. The average shipping charge for each additional pocket coder is \$1.20. (C)*
(C)*
- h. On and after October 20, 1982, the charges and rates for CODE-A-PHONE 333 (USOC: CFV, CJA) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises. (N)*
|
(N)*

* Effective October 20, 1982.

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SUPPLEMENTAL EQUIPMENT

AUTOMATIC ANSWERING AND RECORDING EQUIPMENT - Continued

SPECIAL CONDITIONS - Continued

11. Special Conditions Applicable to Rates (2) Above, TeleHelper Answer and Record

a. The TeleHelper Answer and Record equipment is a modular adjunct unit available for use with individual line modular, non-key desk telephone service.

b. It is not offered with Key Equipment Service.

c. The TeleHelper Answer and Record has the capacity to store 3 to 20 seconds of outgoing announcements and can receive 20 messages of 30-second duration each.

d. Commercial power and outlet will be furnished by the customer who assumes all responsibility for the safe condition of such outlet and power.

e. The Utility will not install, move or disconnect the TeleHelper Answer and Record equipment as it is modular in design and provides for customer participation in the installation, movement and disconnection of the equipment.

f. The customer will either pick up the TeleHelper Answer and Record equipment at authorized Utility locations or request it be shipped. The average shipping charge for each TeleHelper Answer and Record equipment is \$2.50. (C)*

g. No premises visits will be made for repair of the TeleHelper Answer and Record Equipment. The customer must bring equipment to be repaired to a designated Utility location during established business hours where maintenance replacements will be available.

h. On and after October 20, 1982, the charges and rates for TeleHelper Answer and Record (USOC: THE+X) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T. (N)*

* Effective October 20, 1982.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC DIALING EQUIPMENT - Continued

CHARGES AND RATES - Continued

	<u>USOC</u>	<u>IC</u>	<u>MR</u>
9. Type H Equipment # * - Touch-a-matic repertory dialers with a last number dialed automatic redial memory.			
a. Station equipment for single line service with a capacity for 15 stored telephone numbers, (960A01M/2960A01M) @			(C) 6
Each rotary or Touch-Tone dial station	T6J++	\$ 37.00	\$ 8.50
b. Station equipment for single line or two to five line pickup and hold operation with a capacity for 31 stored telephone numbers. (872A1M/2872A1M)			
(1) Each rotary dial station	TAJ+C	140.00	13.25
(2) Each Touch-Tone dial station	TAJ+T	105.00	15.75
c. Adjunctive equipment for use with stations, with a capacity for 31 stored telephone numbers. (870A1/2870A1)			
(1) Each rotary dial unit	TAX+C	85.00	16.00
(2) Each Touch-Tone dial unit	TAX+T	90.00	16.75
d. Supplemental equipment for use with rate items a., b. and c. above			
(1) Equipment to permit use with Type B or C speakerphones for use with rate item b. above	SAM	48.00	-
(2) Automatic start of a dialer by use of precise dial tone detection for use with rate items b. & c. above.	DTM	31.50	2.85
* The charges and rates shown above are in addition to the charges and rates for regular or key equipment service of the class, type and grade ordered.			
See Special Conditions: #1. and 2., @1.g.			
6 Effective October 20, 1982.			

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SUPPLEMENTAL EQUIPMENT

AUTOMATIC DIALING EQUIPMENT - Continued

CHARGES AND RATES - Continued

	<u>USOC</u>	<u>IC</u>	<u>MR</u>
10. Type I Equipment # + **			
a. Teledialer* - repertory dialer - capacity of 31 stored telephone numbers and a last number dialed automatic redial memory, each	TDE	\$55.00	\$9.00
b. Teledialer - dial pulse repertory dialer with key lock switch - capacity of 31 stored telephone numbers and a last number dialed automatic redial memory, each	TDC	55.00	9.50
11. Type J Equipment # + @	(C)∅		
a. Touch-a-matic 12 - adjunct dialer - including initial battery, each	T6D+T	33.00	4.10
b. Touch-a-matic S Series telephone - including initial battery, each	T6G+T, T6G+2	<u>NRC</u> 35.00	<u>MR</u> 9.00

+ The charges and rates shown above are in addition to the charges and rates for regular or key equipment service of the class, type and grade ordered.

* Trademark of American Telecommunications Corporation.

** When installed subsequent to the installation of an associated station, the "Other Changes Charge or Multi-Element Service Charge" as set forth in Schedule Cal.P.U.C. No. 28-T, II. or IV., is applicable in addition to the IC as shown above.

See Special Conditions: # 1. and 2., @2.g.(4)

∅ Effective October 20, 1982.

(C)∅

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC DIALING EQUIPMENT - Continued

SPECIAL CONDITIONS

1. General - Applicable to All Equipment Types

- a. Automatic dialing equipments, except Types F, G, H, J and K will be furnished in connection with any dial equipped telephone, including any dial equipped attendant telephone.
- b. Except for Type J equipment, commercial power is required.
- c. Except for Type J equipment, the maximum number of digits each number may contain is 14.
- d. The encoding of telephone numbers on tape, memory units or dialing cards is the sole responsibility of the customer, except with those types of equipment for which there are charges shown for encoding or changing telephone numbers at customer request.
- e. The charges and rates for the equipment types shown below apply only to those equipments furnished the same customer on the same premises.

<u>Equipment Type</u>	<u>Date</u>
A	February 5, 1967
D	February 5, 1967
C (Rotary Dial)	November 28, 1977
E	January 18, 1981
G	June 18, 1982

- f. On and after February 15, 1981, rotary dial Touch-a-matic 16 (USOC: T6J++) Type H equipment is not offered for new installations. The charge and rate applies only to that equipment furnished the same customer. (T)#

On and after April 9, 1982, Touch-Tone dial Touch-a-matic 16 (USOC: T6J++) Type H equipment is not offered for new installations. The charge and rate applies only to that equipment furnished the same customer.

When a change of Touch-a-matic 16 (USOC: T6J++) Type H equipment is initiated by the Utility, Type J equipment (USOC: T6G+T, T6G+2) may be furnished without the application of the nonrecurring charge, but with the monthly rate for the substitute equipment. (T)#

Not applicable on or after October 20, 1982.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

AUTOMATIC DIALING EQUIPMENT - Continued

SPECIAL CONDITIONS - Continued

1. General - Applicable to All Equipment Types - Continued

- g- On and after October 20, 1982, the charges and rates for Type H Equipment (USOC: T6J++) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T. (N)*

2. Applicable to Equipment Types as Shown

- a. Type A equipment tapes have a maximum capacity of 890 lines for receiving punched telephone number codes. Entry of a telephone number code may require one, two or three lines.
- b. Type C equipment is integrated with a telephone set which has two self-contained receptacles as storage space for cards. No Multi-element charges are applicable for additional sets of index cards or dialing cards (USOCs: KGK, KAL) if a premises visit is not requested by the customer.

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SUPPLEMENTAL EQUIPMENT

AUTOMATIC DIALING EQUIPMENT - Continued

SPECIAL CONDITIONS - Continued

2. Applicable to Equipment Types as Shown - Continued

g. Type J Equipment - Continued

(3) Touch-a-matic S Series (TAM S) - Continued

(b) The Utility will not install, move or disconnect the TAM S as the set is modular in design and provides for customer participation in the installation, move and disconnect of this set.

(c) The customer will either pick up the TAM S at authorized Utility locations or request it be delivered by United Parcel Service. A \$1.20 charge is applicable to each United Parcel Service delivery.

(4) On and after October 20, 1982, the charges and rates for Type J Equipment (USOC: T6D+T, T6G+T, T6G+2) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T.

(N)*

(N)*

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SPECIAL TYPE TELEPHONE SETS - Continued			
RATES - Continued			
	<u>USOC</u>	<u>IC</u> (D)	(D) (D) <u>MR</u>
(6) Each hand telephone set with illuminated dial **:			
With night light feature	LDF	\$12.00	\$ 1.30*
Without night light feature	HCL	6.00	.85*
(7) Each speakerphone:			
Type A 6	(T) SPK	-	7.50*
Type B 6	(T) SP3	37.50	14.05*
Type C	S4P	16.50	9.40*
TeleHelper Speakerphone @ (C)#	SPJ+Z, SPJ+X	34.00	7.60
(8) Each handset proper with shoulder rest	SRT	2.25*	-
Each replacement of shoulder rest	SRR	2.25*	-
(9)			
(10) Each telephone set with self-contained or separately mounted amplifier			
Type A	AMP@@(C)#	5.00*	1.05*
	AMS@@(C)#	23.00*	1.00*
	ATM	19.00*	1.10*
	HC7@@(C)#	13.00*	1.20*
Type B - High gain	VUX@@(C)#	30.00*	1.60*
(11) Each telephone set with:			
Transmitter cutoff	HCU	-	.55*
See Special Conditions 24.			
Simultaneous cutoff of transmitter and receiver	HC3	(D) -	.50*
See Special Conditions: **7.c.; 68.g.; @8.h.; @25.			(C)#
* The above charges or rates are in addition to the charges and rates for regular station service of the class, type and grade ordered.			
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SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

CHARGES AND RATES - Continued		(D)	<u>IC</u>	(D)
	<u>USOC</u>			<u>MR</u>
(12) Each Princess telephone set @:				
Equipped with rotary dial	PRN++	\$ -		\$2.10**
Equipped with Touch-Tone dial	PRN++	-		2.90**
(13) Each noise canceling transmitter for use where there are high room noise conditions				
Type A				
Standard Output	HCFSX		5.25*	1.05*
High Output	HUJ		5.25*	.85*
Type B - Dynamic	HAL		31.50*	3.60*
(14) Each Panel Phone	NNQ		110.00*	-
(15) Each hand telephone set equipped with amplifier, volume control and push-to-listen button for use in noisy locations # @@	(C)X TF3		10.50*	1.50*
(16) Dial-in-handset telephone equipped with visual busy indicator and arranged for push-button disconnect and automatic restoration 6	EMF	(D)	7.50*	1.90*

** The above rates are in addition to the charges and rates for access line of the class, type and grade ordered, or the extension service, PBX or Centrex line furnished to a customer.

See Special Conditions: #24., 614; @12.; @@24.c. (C)6

* The above charges and rates are in addition to the charges and rates for regular station service of the class, type and grade ordered.

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SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

RATES - Continued

	<u>USOC</u>	<u>NRC</u>
(22) Each telephone apparatus assembly installed in a customer-provided telephone enclosure or housing: *@		(C)#
(a) where modification of the telephone enclosure or housing is not required	CAK	*
(b) where modification of the telephone enclosure or housing is required	CAW	*
(c) where previous installation of telephone apparatus assembly has been made	CAN	*
	<u>NRC</u>	<u>NRC</u>
(23) Design Line telephone enclosure or housing includes a pre-installed telephone apparatus assembly *@		(C)#
	<u>Repair</u>	<u>New</u>
Enclosures or Housings:		
(a) Desk Type Sets		
Accent	\$31.00	*
Candlestick(1)		
Plain Color	37.00	*
Stars & Stripes	37.00	*
Celebrity	40.00	*
Chestphone(1)		
Black Leather	52.00	*
Carved Walnut	52.00	*
Coquette(2)	30.00	*
Cradlephone(1)		
Antique Gold	53.00	*
Early American	53.00	*
Mediterranean	53.00	*
Elite	40.00	*
Exeter	27.00	*

See Special Conditions: *18.; @ 18.0. (C)#

(1) Registered Trademark of American Telecommunications Corporation.

(2) Trademark of Kinsho International. Housing produced by Fujikura Plastics Company, Ltd. (T)
(T)

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SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

RATES - Continued

	<u>NRC</u>	<u>NRC</u>
(23) Design Line telephone enclosure or housing includes a pre-installed telephone apparatus assembly *@ - Continued		(C)#
Enclosures or Housings: - Continued	<u>Repair</u>	<u>New</u>
(a) Desk Type Sets - Continued		
Sculptura	\$30.00	*
Stowaway	49.00	*
Telstar	36.00	*
The MICKEY MOUSE Phone(3)	33.00	*
The SNOOPY & WOODSTOCK Phone(4)	33.00	*
(b) Wall Type Sets		
Country Junction	42.00	*
Noteworthy	28.00	*

See Special Conditions: *18.; @18.0.

(3) © Walt Disney Productions. Housing produced by American Telecommunications Corporation. (C)#
(T)
(T)

(4) Housing manufactured by American Telecommunications Corporation PEANUTS Characters; © 1958, 1965 United Feature Syndicate, Inc.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONES SETS - Continued

SPECIAL CONDITIONS - Continued

8. Special Conditions Applicable to Rate (7) Above, Speakerphones - Continued

h. TeleHelper Speakerphone

- (1) The TeleHelper Speakerphone is a modular adjunct unit available for use with individual line modular non-key wall or desk telephone sets. A kit is available at no charge for mounting the speakerphone on the wall.
- (2) It is not offered with Key Equipment Service.
- (3) It is battery operated and is furnished to the customer with the initial battery included. Replacement of the battery shall be the responsibility of the customer.
- (4) The Utility will not install, move or disconnect the TeleHelper Speakerphone as it is modular in design and provides for customer participation in the installation, movement and disconnection of this equipment.
- (5) The customer will either pick up the TeleHelper Speakerphone at authorized Utility locations or request it be shipped. The average shipping charge for each TeleHelper Speakerphone is \$1.20. The average shipping charge of the wall mount kit, if shipped separately, is \$1.20. (C)*
- (6) No premises visit will be made for repair of the TeleHelper Speakerphone. The customer must bring equipment to be repaired to a designated Utility location during established business hours where maintenance replacements will be available.
- (7) On and after October 20, 1982, the charges and rates for TeleHelper Speakerphone (USOC: SPJ+Z, SPJ+X) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T. (N)*

* Effective October 20, 1982.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

SPECIAL CONDITIONS - Continued

9. Special conditions applicable to Rate (8) above, handset proper with shoulder rest.

This equipment arrangement will be furnished in connection with any class, type or grade of service for which it is adapted.

10.

11. Special conditions applicable to Rate (4), above, moisture-proof telephone set with transmitter cutout, housed in portable box.

The above rates for moisture-proof telephone sets apply only to those sets in service as of March 11, 1956, furnished the same or superseding customer on the same premises.

12. Special conditions applicable to Rate (12), above, Princess telephone set. x

a. The set includes a combined dial-night-light which requires commercial (T) power for its operation.

b. Where furnished as a primary telephone station, the monthly rate as (T) shown above is applicable in addition to the charges and rate for the access line.

c. Where furnished as an extension, PBX or Centrex station, the monthly (T) rate as shown above is applicable. In addition, the appropriate charge and rate for interior wiring or line without station is also applicable.

d. Where furnished in a key telephone system, the monthly rate as shown (T) above is applicable. In addition, the appropriate charge and rate for the key telephone system station is also applicable. Where installed (T) in lieu of a non-button station set on a key system, the charge and rate for a non-button station line (USOC: KEL02) also applies. x

e. On and after October 20, 1982, the Princess Telephone Set (USOC: (N)* PRN++) furnished with individual line exchange service will, at the time of disconnection of service, be subject to the provisions for discontinuance of service as set forth in Schedule Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment. (N)*

x Formerly on Sheet 38-C.

* Effective (date)

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

SPECIAL CONDITIONS - Continued

13. Stations furnished under Rates (21), above, are restricted to stations associated with private line services arranged for Touch-Tone calling. Connection of the stations with the network access lines and with exchange service is available only through the PBX attendant.

14. Special conditions applicable to Rate (16), above, dial-in-handset telephone:

- a. Commercial power is required to operate the visual busy indicator.
- b. The charge and rate for dial-in-handset telephones apply only to those in service as of January 24, 1969 furnished to the same or superseding customer. Maintenance replacements for existing installations will be made when and as such equipment on hand becomes available for reuse.

Where maintenance replacements are not available, Trimline telephone sets may be furnished as replacements in accordance with Schedule Cal. P.U.C. No. 28-T, Move and Change Charges. Nonrecurring charges for Trimline telephone sets are not applicable.

Material omitted now on Sheet 38-B.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

SPECIAL CONDITIONS - Continued

18. - Continued

- o- (1) On and after October 20, 1982, customers with Design Line Telephones and telephone apparatus assemblies installed in customer-provided enclosures or housings will pay a monthly charge equal to the current SET, TEL rate as set forth in Schedule Cal.P.U.C. No. 4-T, for a period of twelve months. During this period, the Utility will continue to provide repair/replacement of Design Line Telephone apparatus assemblies and other telephone apparatus assemblies. (N)*
- (2) Housing repair will continue to be available from the Utility at the charges set forth in Charges and Rates (23) above through October 19, 1983.
- (3) Transfer of title for apparatus assemblies will occur after payment in full has been received. Non-removable proof-of-purchase stickers will be provided upon transfer of title.
- (4) On and after October 20, 1983, refer to Schedule Cal.P.U.C. No. 162-T for repair for cosmetic only, electrical only, and combined cosmetic and electrical repair. (N)*

* Effective October 20, 1982.

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

SPECIAL CONDITIONS - Continued

19. Special conditions applicable to Rate (24), above, Trimline telephone sets.

a. The Trimline telephone set includes a dial-light which requires commercial power for its operation. (T)

b. Where furnished as a primary telephone station, the monthly rate as shown above is applicable in addition to the charges and rate for the access line. (T)

c. Where furnished as an extension, PBX or Centrex station, the monthly rate as shown above is applicable. In addition, the appropriate charge and rate for interior wiring or line without station is applicable. (T)

d. Where furnished in a key telephone system, the monthly rate as shown above is applicable. In addition, the appropriate charge and rate for the key telephone system station is also applicable. Where installed in lieu of a non-button station set on a key system, the charge and rate for a non-button station line (USOC: KEL02) also applies. (T)

e. On and after October 20, 1982, the Trimline Telephone Set (USOC: TML--*) furnished with individual line exchange service will, at the time of disconnection of service, be subject to the provisions for discontinuance of service as set forth in Schedule Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment. (N)*

20.

21.

22.

* Effective (date)

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EXCHANGE TELEPHONE SERVICE

SUPPLEMENTAL EQUIPMENT

SPECIAL TYPE TELEPHONE SETS - Continued

SPECIAL CONDITIONS - Continued

24. Special Conditions applicable to arrangement for push-to-talk or push-to-listen service (transmitter cut off):

a. Arrangement for push-to-talk or push-to-listen service (transmitter cut off) will be provided.

(1) Where the push-to-talk or push-to-listen instrument is the only instrument on the line, or

(2) Where there is more than one instrument on the line and by means of automatic exclusion all other instruments are physically disconnected, or

(3) With a recorder-connector on the line in which a beep-tone signal is an inherent feature.

NOTE: This condition does not apply to the U. S. Government.

b. If the use or proposed use of an arrangement for push-to-talk or push-to-listen service (transmitter cut off) results or would result in a violation of any tariff provision of the Utility, the Utility may discontinue or decline to furnish the service.

c. On and after October 20, 1982, the charges and rates for Noisy Location(N)* Telephone Amplifier Handset (USOC: TF3) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T.

25. On and after October 20, 1982, the charges and rates for Amplifier Handsets (USOC: AMP, AMS, HC7, VUX) furnished with individual line exchange service, apply only to such equipment furnished the same customer on the same premises, except for such equipment furnished to handicapped customers as set forth in Schedule Cal.P.U.C. No. 157-T. (N)*

* Effective October 20, 1982.

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RULE NO. 9

RENDERING AND PAYMENT OF BILLS

G. Credit Card Billing of Nonrecurring Charges (T)

1. An applicant, customer or an individual who is neither an applicant nor a customer may make payment with an authorized credit card of nonrecurring charges for simple business and residence service (except charges under (C)* Schedule Cal.P.U.C. No. 23-T, Charges For Line Extension And Service Connection Facilities In Suburban Areas) or items of equipment purchased. The credit cards may be used in PhoneCenter locations and where otherwise(T)* designated by the Utility.

2. The following credit cards are so authorized:

MASTER CHARGE ® VISA ® MASTER CARD ®

3. As used in this Rule, nonrecurring charges include:

Service connection	Nonrecurring	
Installation	Charges in Sale of Equipment	
Move and change	Schedule Cal.P.U.C. No. 162-T	
Gift Certificates	Charges in Sale of Single-Line	(N)*
Delivery charges	Equipment	
In place connection	Schedule Cal.P.U.C. No. 168-T	(N)*
Multi-element service charges		

4. The recipient of the services and/or equipment for which payment is being made by credit card must be notified of any applicable monthly rates or charges associated with such services and/or equipment and must consent to monthly billing of such rates and/or charges as part of such recipient's regular bill for telephone service.

(D)

Material omitted now on Sheet 48-B.

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* Effective (date)

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RULE NO- 9

RENDERING AND PAYMENT OF BILLS - Continued

G. Credit Card Billing of Nonrecurring Charges - Continued (T)

5. Payment with an authorized credit card is conditional. (L)

If all or any portion of an amount to be paid by an authorized credit card of an applicant or customer is not honored, the Utility may bill the unpaid amount to the applicant's subsequent service or to the customer's present service. Such applicant or customer shall be deemed to have consented to such billing. Nonpayment of the amount so billed shall constitute nonpayment of the monthly telephone bill and will be subject to the provision for discontinuance of service as set forth in Rule No. 11 of this schedule.

6. If all or any portion of an amount paid with an authorized credit card must be refunded by the Utility, such refund may be made at the Utility's option by check or draft, as credit on the customer's monthly telephone bill or as credit to the credit card account. (L)

Material on this sheet formerly on Sheet 47-A.

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RULE NO. 9

RENDERING AND PAYMENT OF BILLS - Continued

I. Installment Billing (T)

- 1. Installment billing (simple residence service only) of nonrecurring charges without interest: (T)

When credit has been established as set forth in Rule No. 6 and the customer agrees, a nonrecurring charge may be billed by the Utility in three consecutive monthly installments without interest.

As used in this Rule, nonrecurring charges include: (T)

Multi-Element service charges (D)

- 2. Installment billing (simple residence and business service) of nonrecurring equipment charges with interest: (N)*

When credit has been established as set forth in Rule No. 6 and the customer agrees, the nonrecurring equipment charge, except for repair/exchange, may be billed by the Utility in six or twelve consecutive monthly installments with interest, for items purchased as set forth in Schedule Cal.P.U.C. No. 168-T.

As used in this Rule, nonrecurring equipment charges are as shown for equipment offered in Schedule Cal.P.U.C. No. 168-T. (N)*

- 3. If a customer fails to pay any of the installments when due, the Utility may, at its option, declare the unpaid balance immediately due and payable. Upon such default, the customer's service may be temporarily or permanently discontinued after due notice as set forth in Rule No. 11.A.2. (D)

* Effective (date)
Material omitted now on Sheet 48-A-1.

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RULE NO. 9

RENDERING AND PAYMENT OF BILLS - Continued

J. Gift Certificates (Phone-Checks) x

An applicant, customer or other person may purchase gift certificates (Phone Checks) which are issued by the Utility in such denominations and under such conditions as the Utility may designate. The face value of the gift certificates purchased shall be paid to the Utility in lawful money, or if the purchaser has a telephone service account with the Utility, may, (C)* at the Utility's option and when conditions warrant, be charged to such account. The Utility shall, at its discretion, determine the (C)* maximum amount which may be so charged and nonpayment of any amount so charged will constitute nonpayment of the monthly telephone bill and will be subject to the provisions for discontinuance of service as set forth in Rule No. 11) of this Schedule. Gift certificates will be accepted by the Utility as the equivalent of lawful money of the United States only for the purpose of paying nonrecurring charges and monthly billing (including toll message and Zone Usage Measurement charges) and will not be redeemed by the Utility in any other manner. x

K. Billing and Collecting for Equipment or Maintenance Agreements purchased (T)* or Repair/Exchange Charges (as set forth in Schedule Cal.P.U.C. Nos. 162-T and 168-T)

1. If all or any portion of the payment of the purchase price for equipment or maintenance agreements purchased, or payment of repair/exchange charge is not paid or honored, the Utility may bill the unpaid amount to the applicant's subsequent service or to the customer's present service. Such applicant or customer shall be deemed to have consented to such billing. (T)*
2. Nonpayment or default as set forth in 1. above shall constitute nonpayment of the monthly telephone bill and will be subject to the provisions for discontinuance of service as set forth in Rule No. 11 of this schedule.

* Effective (date)

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RULE NO. 23

PRIORITY OF ESTABLISHMENT, SUPERSEURE OF SERVICE AND CHANGE IN BILLING

(A) PRIORITY OF ESTABLISHMENT

Applications for establishment of service will be completed in accordance with the chronological order of their receipt, insofar as practicable, in the following order in accordance with the facilities available:

1. Where serious sickness, public safety, public necessity, or war conditions are involved.
2. Supersedure or Change in Billing of a working service.
3. Simple Service:
Where no premises visit is required.

Complex Service:

Where in place connection charges are applicable.

4. Business application held over a period of two months.
5. Residence application held over a period of two months.
6. Business application held under a period of two months.
7. Residence application held under a period of two months.

Should an application qualify for more than one priority above, the highest priority will take precedence.

(B) SUPERSEURE AND CHANGE IN BILLING

An arrangement for supersedure or change in billing of a working service may be made under the following conditions:

The applicant qualifies for the establishment of service under these Rules and other applicable tariff schedules. The form "Request to Transfer Customer Responsibility" is signed by the outgoing customer and the applicant, and received by the Utility.

The outgoing customer is responsible for charges for the service and other obligations such as contracts and basic termination charges through the effective date of supersedure or change in billing. The applicant is responsible for charges for the service beginning the day after the effective date of supersedure or change in billing. Continuing obligations, such as contracts or basic termination charges become the obligation of the incoming customer at the same time.

Refer to Schedule Cal.P.U.C. No. 28-T, IV, for application of charges, and to Schedule Cal.P.U.C. No. 36-T, Rule No. 1 for definitions.
Material omitted now on Sheet 73.

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RULE NO. 23

(T)

PRIORITY OF ESTABLISHMENT, SUPERSEDURE OF SERVICE AND CHANGE IN BILLING

(B) SUPERSEDURE AND CHANGE IN BILLING # - Continued

On and after October 20, 1982, simple individual business and residence service will be superseded with the following additional provisions for single line telephone equipment as set forth in Schedule Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment:

(N)*

1. Responsibility of outgoing customer:

Return of Utility-provided sets to the Utility not required for sets superseded with the service. Monthly billing and other obligations are shown above.

2. Responsibility of incoming applicant/customer:

The applicant/customer is responsible for month-to-month service or purchase of certain equipment as specified in Schedule Cal.P.U.C. No. 168-T, Sale of Single-Line Telephone Equipment. Monthly billing and other obligations are shown above.

(N)*

Supersedure and Change in Billing are not applicable once a 7 calendar day written notice of possible discontinuance of service has been sent to the customer, or while a service is temporarily discontinued, temporarily suspended, partially or permanently discontinued by the Utility.

x
x

Refer to Schedule Cal.P.U.C. No. 28-T, IV, for application of charges, and to Schedule Cal.P.U.C. No. 36-T, Rule No. 1 for definitions.

* Effective on and after October 20, 1982.

x Formerly on Sheet 72.

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SALE OF EQUIPMENT

GENERAL REGULATIONS - Continued

15. After-Warranty Repair Charges for Design Line, Empress and Decorator
Telephones (N)#

(a) Repairs for telephones purchased from the Utility not covered by the Utility's or equipment manufacturer's warranty will be charged for as shown in Section I.E. This will be the customer's sole remedy. The Utility will provide a limited warranty as set forth in Schedule Cal. P.U.C. No. 168-T, Section II.a.(2).

(b) These charges do not include visits to customer's premises. It is the responsibility of the purchaser to bring or mail at the customer's expense the set to a designated Utility location for repair.

Where a trouble report results in a visit by the Utility to a customer's premises and the trouble is in the customer-provided equipment, the Visit Charge specified in Schedule Cal.P.U.C. No. 135-T, VI., will apply.

(c) The Utility may refuse to repair such telephones if, in the opinion of the Utility, such telephones are not reasonably repairable.

(d) Customers may bring or mail, at their own expense, equipment needing repair to designated Utility locations during established business hours. Customers may, at their option, either call for equipment at the same location when repairs are completed or request that repaired equipment be shipped directly to the purchaser at the purchaser's expense. Repaired equipment not claimed by the customer within 60 days of notification by mail that the repairs have been completed will become the property of the Utility. (N)#

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SALE OF EQUIPMENT

I. SALE OF NEW SETS - Continued

(N) #

E. After-Warranty Repair Charges for Design Line, Empress and Decorator
Telephones

	USOC	Repair Charge			Combined Cosmetic & Electrical
		Shipping Charge	Cosmetic Only	Electrical Only	
Antique Gold	CGO+C	\$2.50	\$80.00	\$42.00	\$ 90.00
Big Button	BBPFT	2.50	43.00	44.00	54.00
Candlestick	CHK+C	2.50	67.00	41.00	78.00
Celebrity					
Rotary Dial	DL5+C	2.50	58.00	40.00	69.00
Touch-Tone Dial	DL5+T	2.50	54.00	40.00	63.00
Chestphone					
Rotary dial	CHT+C	2.50	86.00	43.00	97.00
Touch-Tone Dial	CHT+T	2.50	87.00	48.00	102.00
Contempra/Talia	CWI++	*	*	*	*
Country Junction					
Rotary Dial	DWHFW	2.50	50.00	44.00	65.00
Touch-Tone Dial	DWHF2	2.50	58.00	51.00	69.00
Country Squire	CTFFT	2.50	92.00	47.00	103.00
Coquette	DC1WC	2.50	94.00	42.00	105.00
Diplomat	DPT++	2.50	45.00	53.00	68.00
Early American	CHA+C	2.50	82.00	44.00	90.00
Empress	EM7+T	2.50	53.00	45.00	72.00
Exeter					
Rotary Dial	DLE+C	2.50	41.00	37.00	51.00
Touch-Tone Dial	DLE+T	2.50	41.00	40.00	54.00
Genie	GNE+T	2.50	27.00	33.00	45.00
Mediterranean	CHD+C	2.50	80.00	42.00	90.00
Noteworthy					
Rotary Dial	DBR+W	2.50	50.00	42.00	60.00
Touch-Tone Dial	DBR+2	2.50	47.00	39.00	57.00

* Direct manufacturer repair and return.

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(N) #

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SALE OF EQUIPMENT

I. SALE OF NEW SETS - Continued

(N)#

E. After-Warranty Repair Charges for Design Line, Empress and Decorator
Telephones - Continued

	USOC	Repair Charge			
		Shipping Charge	Cosmetic Only	Electrical Only	Combined Cosmetic & Electrical
Oak Candlestick	CQWFT	\$ *	\$ *	\$ *	\$ *
Rendez-Vous	RND++	2.50	45.00	52.00	67.00
Rolltop Stowaway	RIDFT	2.50	95.00	50.00	108.00
Sculptura					
Rotary Dial	DSS+C	2.50	34.00	40.00	48.00
Touch-Tone Dial	DSS+T	2.50	36.00	45.00	53.00
SmallTalk	GBF+T	*	*	*	*
Stowaway					
Rotary Dial	DL7+C, DM9+C	2.50	90.00	53.00	109.00
Touch-Tone Dial	DL7+T, DM9+T	2.50	92.00	56.00	113.00
Telstar					
Rotary Dial	DRZBC	2.50	52.00	64.00	83.00
Touch-Tone Dial	DRZBT	2.50	52.00	64.00	83.00
The MICKEY MOUSE Phone					
Rotary Dial	DKMSC	2.50	71.00	42.00	83.00
Touch-Tone Dial	DKMST	2.50	73.00	45.00	86.00
The SNOOPY & WOODSTOCK Phone					
Rotary Dial	DRWSC	2.50	58.00	40.00	68.00
Touch-Tone Dial	DRWST	2.50	60.00	43.00	72.00
The WINNIE THE POOH Phone	DTPST	*	*	*	*

* Direct manufacturer repair and return.

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(N)#

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SALE OF EQUIPMENT

I. SALE OF NEW SETS - Continued

SPECIAL CONDITIONS - Continued

2. Design Line Telephones

- a. Design Line telephones are distinctly styled telephones which are provided in a variety of colors and styles and are for use with telephone service with which each is compatible.
- b. The manufacturer provides a limited 12-month warranty.
- c. The purchaser may either pick up the telephone at authorized Utility locations or request it be shipped directly to the customer.
- d. There is no maintenance agreement available from the Utility. (T)

3. Empress Telephone

- a. The Empress telephone is provided for use with telephone service with which it is compatible.
- b. The manufacturer provides a limited 12-month warranty.
- c. The purchaser may either pick up the telephone at authorized Utility locations or request it be shipped directly to the customer.
- d. There is no maintenance agreement available from the Utility. (T)

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SALE OF EQUIPMENT

I. SALE OF NEW SETS - Continued

SPECIAL CONDITIONS - Continued

4. Decorator Telephones

- a. Decorator telephones are provided in a variety of colors and styles for use with telephone service with which each is compatible.
- b. The manufacturer provides a limited 12-month warranty.
- c. The purchaser may either pick up the telephone at authorized Utility locations or, except for the SmallTalk, request it be shipped directly to the customer.
- d. There is no maintenance agreement available from the Utility. (T)

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)

This schedule contains the general regulations, purchase prices, charges and special conditions applicable to the sale of single-line telephones and other equipment.

Implementation of the Sale of Single-Line Telephone Equipment will be effective on and after October 20, 1982, except that the sale of disconnected in-place unreturned equipment will be effective on and after (date).

(N)

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

APPLICABILITY

Applicable to the sale of single-line telephones and other equipment.

TERRITORY

Within the exchange areas of all exchanges, as said areas are defined on maps filed as part of the tariff schedules and within this state.

GENERAL REGULATIONS

1. Only items of modular and modularizable single-line equipment and accessories listed in this schedule are offered for sale by the Utility and such sales are intended to be made only to customers of the Utility as defined in Schedule Cal.P.U.C. No. 36-T, Rule No. 1, or persons entitled to be customers of the Utility. As long as Utility provides such service, items listed in Section I. and II.b. which as of October 20, 1982, are being provided under other tariff schedules will continue to be available to all customers on a month-to-month basis.
2. Telephone equipment sold by the Utility is useable with individual line exchange service and is not offered for use with party-line, coin or multiline service or with any lines extended from or behind key, PBX or Centrex equipment or with private line services.
3. Telephone equipment for sale by the Utility will be offered as available. Except for In-place Equipment, such equipment is available for inspection, pick up and sale only at designated Utility locations. California Sales Tax will apply to all equipment sold. Arrangements will be made by the Utility for delivery of equipment purchased to designated locations within California, by the U.S. Postal Service or other shipper, at the purchaser's expense.

(N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

GENERAL REGULATIONS - Continued

4. The Utility may, from time-to-time, offer for sale certain equipment at prices lower than the price shown when:

- the equipment is cosmetically damaged, or
- the equipment is a display model, or
- the equipment is of a discontinued style, color or finish, or design.

5. The prices do not include charges for shipping, handling, mailing or associated service or equipment such as installation, inside wiring, standard jacks, exchange service, etc. These charges, where applicable, will be charged for separately in accordance with established tariff rates.

6. Except as otherwise provided in this schedule, purchasers shall pay for telephone equipment at the time of purchase in lawful money (cash, check or money order) of the United States, gift certificates, credit or bank card billing of nonrecurring charges as set forth in Schedule Cal.P.U.C. No. 36-T, Rule No. 9. If the purchaser has a service account with the Utility, at the Utility's option and when conditions warrant it, the total amount of the purchase price may be billed to such customer's account. Equipment may not be purchased and billed to account if the customer's bill is delinquent.

Purchaser may have the option to pay full amount of billed purchase on next month's bill or make installment billing payments as set forth in Schedule Cal.P.U.C. No. 36-T, Rule No. 9.

(N)#

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(N)#

GENERAL REGULATIONS - Continued

7. A purchaser's telephone service may be discontinued pursuant to the procedures set forth in Schedule Cal.P.U.C. No. 36-T, Rule Nos. 9 and 11 for the customer's failure to make full payment for the equipment sold under this schedule.
8. Purchasers of equipment will be provided a proof-of-purchase in the form of a nonremovable dated sticker to permanently identify each item of equipment as customer-provided equipment, and a sales receipt.
9. Equipment purchased from the Utility's inventory may be returned with proof-of-purchase sticker attached for full refund of the purchase price including sales tax, excluding shipping costs, within 5 days from the date of purchase provided equipment is undamaged. Equipment sold in-place is not eligible for refund.
10. Title to equipment sold hereunder and risk of loss of or damage to equipment sold hereunder passes to the purchaser on date of purchaser's order. Upon passage of title the Utility shall bear no liability for repair or replacement of such equipment except as herein provided or otherwise provided by law. If the equipment sold hereunder is damaged or lost during shipping, the Utility's liability shall be limited to the repair or replacement of such equipment.

(N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT (N)#

GENERAL REGULATIONS - Continued

11. THE UTILITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR PARTICULAR PURPOSE, AND THE UTILITY MAKES NO EXPRESS OR IMPLIED WARRANTY OF ANY OTHER KIND, AS TO THE SOLD EQUIPMENT, OR ANY MAINTENANCE AND REPAIR SERVICES PROVIDED UNDER ANY SECTION OF THIS SCHEDULE EXCEPT AS HEREIN PROVIDED.

IF THE UTILITY CANNOT LEGALLY DISCLAIM IMPLIED WARRANTIES, THEN THE UTILITY DOES NOT DISCLAIM ANY IMPLIED WARRANTIES BUT DOES LIMIT ALL IMPLIED WARRANTIES, INCLUDING THOSE OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, TO THE SAME PERIOD OF TIME SET FORTH IN THE EXPRESSED WARRANTY GIVEN WITH THE EQUIPMENT SOLD.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, TORT LIABILITY (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL THE UTILITY OR ITS AUTHORIZED SERVICE AGENTS BE LIABLE TO ANYONE FOR DAMAGES OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM THE USE OF OR INABILITY TO USE THE EQUIPMENT, EITHER SEPARATELY OR IN COMBINATION WITH OTHER EQUIPMENT, OR FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER, EXCEPT FOR THE LIABILITY TO REPAIR OR REPLACE EQUIPMENT COVERED BY A WARRANTY AND FOR INJURY TO PERSONS CAUSED BY THIS EQUIPMENT OR ITS FAILURE TO WORK, IF IT IS USED OR BOUGHT FOR USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

THE FOREGOING LIMITATIONS OF THE UTILITY'S LIABILITY SHALL APPLY TO THE FULL EXTENT PERMITTED BY LAW.

12. Copies of the warranties for sold equipment are available for inspection at designated Utility locations and will be provided with each purchase.
13. Upon expiration of warranties, maintenance for equipment sold under this schedule will not be available from the Utility. The purchaser's sole remedy will be the after warranty repair/exchange program as described in Section III. of this schedule. (N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N) #

GENERAL REGULATIONS - Continued

14. Where repair is offered, customers shall bring or mail at their own expense, equipment needing repair to designated Utility locations and call for equipment at the same location when repairs are completed. At the option of the customer, repaired equipment will be shipped directly to a customer at the customer's expense. Repaired equipment not claimed by the customer within 60 days of notification by mail that the repairs have been completed will become the property of the Utility. Where repairs are offered, the Utility reserves the right to exchange the entire unit.

Where a trouble report results in a visit by the Utility to a customer's premises and the trouble is in the customer-provided equipment, the Visit Charge specified in Schedule Cal.P.U.C. No. 135-T, V., will apply.

15. Upon partial or complete discontinuance of service, customers with equipment being billed on a month-to-month service basis shall return such equipment to a Utility-designated location. Equipment not returned will be considered by the Utility as being purchased. The price shown for "purchase of in-place equipment other than by mail" will be billed to the customer. Transfer of title will occur and proof-of-purchase stickers will be provided when the customer has paid all charges to the Utility in full. Equipment returned within 30 days will be credited in full. ✓

When moving, a customer may transport nonbutton modular rotary and/or Touch-Tone Standard, Trimline and Princess sets to a new address. Such sets will continue to be billed on a month-to-month service basis.

16. Customer requests for a change from Utility-provided telephones or equipment to customer-provided telephones or equipment will be treated as a partial disconnection of service as set forth elsewhere in the tariff schedules.
17. Use of telephones and equipment sold by the Utility with the telecommunications network is subject to Part 68 of the FCC Rules and Regulations.
18. At the Utility's option, repairable basic telephones with proper identification and proof-of-purchase sticker, may be returned for one-half of inventory price.
19. At the Utility's option, repairable equipment with proper identification and proof-of-purchase sticker may be upgraded by payment of difference between the repair/exchange charge and inventory price. (N) #

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N) #

I. SALE OF IN-PLACE EQUIPMENT

a. General

Effective (date)

- (1) Customers with month-to-month billing service for equipment who do not return such equipment to a Utility designated location at the time of partial or complete discontinuance of service or who do not transport their sets as described in General Regulation 15., will be considered by the Utility to have purchased the unreturned equipment as set forth in General Regulation 15. of this schedule.
- (2) In-place telephone equipment purchased under the terms and conditions specified in this section of the schedule will be warranted by the Utility as follows:

Limited WarrantyCoverage

The Utility warrants telephone equipment sold in-place against malfunctions for a period of 90 days from the date of purchase. If there is a malfunction, and the equipment is returned within the warranty period, the Utility will, at the Utility's option, either (a) allow the customer to select from the inventory available at the location designated by the Utility to which the equipment is returned, a unit from inventory of the same type which will be exchanged for the malfunctioning equipment at no charge, or (b) repair the equipment.

For warranty service the equipment purchased in-place must be returned to any designated Utility location. The customer will be responsible for shipping charges if any. When equipment is returned for warranty service, the customer must present proof of the date it was purchased in the form of the proof-of-purchase sticker attached to the equipment.

The warranty shall not apply to malfunctions resulting from any accident, alteration, failure to follow instructions, unauthorized repair, abuse, misuse, fire or natural causes such as storms, and floods and other acts of God.

(N) #

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

I. SALE OF IN-PLACE EQUIPMENT - Continued

a. General - Continued

Effective (date) - Continued

(2) - Continued

The Utility does not warrant that this equipment will work with non-Bell equipment or with party-line, coin, key, PBX, Centrex or private line services.

ALL IMPLIED WARRANTIES INCLUDING THOSE OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY FOR THIS EQUIPMENT ARE LIMITED IN DURATION TO THE SAME 90-DAY PERIOD SET FORTH IN THE EXPRESS WARRANTY ABOVE.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, TORT LIABILITY (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL THE UTILITY OR ITS AUTHORIZED SERVICE AGENTS BE LIABLE TO ANYONE FOR DAMAGES OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM THE USE OF OR INABILITY TO USE THE EQUIPMENT, EITHER SEPARATELY OR IN COMBINATION WITH OTHER EQUIPMENT, OR FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER, EXCEPT FOR THE LIABILITY TO REPAIR OR REPLACE EQUIPMENT COVERED BY A WARRANTY AND FOR INJURY TO PERSONS CAUSED BY THIS EQUIPMENT OR ITS FAILURE TO WORK, IF IT IS USED OR BOUGHT FOR USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

THE FOREGOING LIMITATIONS OF THE UTILITY'S LIABILITY SHALL APPLY TO THE FULL EXTENT PERMITTED BY LAW.

This warranty sets forth the entire liability and obligations of the Utility with respect to breach of warranty, and the warranties set forth herein are the sole warranties and are in lieu of all other warranties, express or implied, INCLUDING WARRANTIES OF FITNESS FOR PARTICULAR PURPOSE AND MERCHANTABILITY.

- (3) Telephones and equipment available from inventory may have been refurbished.
- (4) The Utility may refuse to repair or exchange equipment if, in the opinion of the Utility, such equipment is not reasonably repairable.
- (5) Upon expiration of warranties, no maintenance for in-place equipment sold under this section of the schedule will be available from the Utility. The customer's sole remedies are as described in Section III. of this schedule.

(N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

I. SALE OF IN-PLACE EQUIPMENT

a. General - Continued

Effective October 20, 1982

- (6) All eligible customers with month-to-month service for equipment shown in Section I. below will receive by mail an itemized listing of such equipment. The listing shall indicate the number of items by (a) name; (b) the current monthly rate; (c) the purchase price of each item; and (d) the total purchase price.
- (7) Customers desiring to purchase all in-place equipment may do so by returning to the Utility the listing received and payment for the total purchase price shown on the listing.
- (8) Customers desiring to purchase less than all in-place equipment, or to pay by means other than check or money order, shall so indicate on the listing returned to the Utility. If required, the Utility will contact the customer and arrange to complete the transaction.
- (9) Customers may purchase all or part of the telephones listed in b.(1) below from the Utility which were in-place on their premises prior to October 20, 1982, or they may add additional such telephones and continue to use such telephones by payment of the monthly charges as shown in Schedule Cal.P.U.C. Nos. 4-T and 32-T.
- (10) Customers may purchase all or part of the equipment listed in b.(2) below from the Utility which was in-place on their premises prior to October 20, 1982, or they may continue to use such equipment by payment of the monthly charges as shown in Schedule Cal.P.U.C. No. 32-T. Additional such equipment added at this time or subsequently, must be purchased.
- (11) The purchase price for all in-place equipment in service at a customer's premises prior to October 20, 1982, will be as set forth in Section I.b. below.

The purchase price for all in-place equipment placed in service at a customer's premises on and after October 20, 1982, will be the same as for inventory equipment, as set forth in Section II. below.

(N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

I. SALE OF IN-PLACE EQUIPMENT - Continued

b. In-place equipment available for purchase from the Utility.

(1) Product	USOC	Price	Installment Billing *	
			6 Mos.	12 Mos.
Standard Telephone Rotary Dial	SET++, TEL++	\$ 19.00% 23.00@	\$ 3.33% 4.04@	\$ 1.74% 2.11@
Touch-Tone Dial	SET++, TEL++	34.00% 38.00@	5.97% 6.67@	3.12% 3.48@
Princess Telephone Rotary Dial	PRN++	27.00% 31.00@	4.74% 5.44@	2.48% 2.84@
Touch-Tone Dial	PRN++	41.00% 45.00@	7.20% 7.90@	3.76% 4.13@
Trimline Telephone Rotary Dial	TML++	34.00% 38.00@	5.97% 6.67@	3.12% 3.48@
Touch-Tone Dial	TML++	49.00% 53.00@	8.60% 9.30@	4.49% 4.86@

(2) Product

The AutoMatic TelePhone**				
Integrated Remote - Rotary	TFSHC	345.00	60.56	31.63
Integrated Remote - Push Button	TFSHT	375.00	65.82	34.38
Integrated Non-Remote - Rotary	TFAHC	285.00	50.02	26.13
Integrated Non-Remote - Push Button	TFAHT	320.00	56.17	29.34
Adjunct - Remote	TCJRN	345.00	60.56	31.63
Adjunct - Non-Remote	TCCHN	285.00	50.02	26.13
Pocket Coder	APC	40.00	7.02	3.67

Z Price when customer completes purchase by mail.

@ At the Utility's option, price when customer completes purchase other than by mail.

* Installment billing charge includes an interest rate of 1.5% per month on the unpaid balance.

** Trademark of American Telecommunications Corporation.

Effective (date)

(N)#

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(N) #

I. SALE OF IN-PLACE EQUIPMENT - Continued

b. In-place equipment available for purchase from the Utility. - Continued

(2) Product - Continued	USOC	Price	Installment Billing *	
			6 Mos.	12 Mos.
Touch-a-matic 12 Adjunct Dialer	T6D+T	\$ 75.00	\$13.16	\$ 6.88
Touch-a-matic 16 Telephone Rotary Dial	T6J++	200.00	35.11	18.34
Touch-Tone Dial	T6J++	215.00	37.74	19.71
Touch-a-matic S Series Telephone	T6G+T, T6G+2	165.00	28.96	15.13
TeleHelper Speakerphone	SPJ+Z, SPJ+X	90.00	15.80	8.25
Answer & Record	THE+X	115.00	20.19	10.54
CODE-A-PHONE** 333 Pocket Coder	CFV CJA	270.00 23.00	47.39 4.04	24.75 2.11
Noisy Location Telephone Amplifier Handset	TF3	23.00	4.04	2.11
Amplifier Handset - Hearing Impaired	AMP	15.00	2.63	1.38
Amplifier Handset - Trimline - Hearing Impaired	AMS	19.00	3.33	1.74
Amplifier Handset - Weak Speech	HC7	37.00	6.49	3.39
Amplifier Handset - High Gain Amplifier	VUX	15.00	2.63	1.38

* Installment billing charge includes an interest rate of 1.5% per month on the unpaid balance.

** Registered Trademark of Ford Industries, Inc.

Effective (date)

(N) #

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY

a. General

- (1) Customers may purchase basic telephones listed in Section II.b. and other equipment listed in Section II.c. Customers may purchase such equipment directly from the Utility's inventory. Equipment placed in service on a monthly charge basis prior to October 20, 1982, may be purchased as set forth in Section I. Equipment placed in service on a monthly basis on and after October 20, 1982, may be purchased as set forth in this section.
- (2) Telephone equipment purchased under the terms and conditions specified in this section of the schedule will be warranted by the Utility as follows:

Limited Warranty

Coverage

The Utility warrants basic telephones and other equipment sold from inventory against defects and malfunctions for a period of 180 days from the date of purchase. If there is a defect or malfunction, and the equipment is returned within the warranty period, the Utility will, at the Utility's option, either (a) allow the customer to select from the inventory available at the location designated by the Utility to which the equipment is returned, a unit from inventory of the same type which will be exchanged for the malfunctioning equipment at no charge, or (b) repair the equipment.

For warranty service the equipment purchased from inventory must be returned to any designated Utility location. The customer will be responsible for shipping charges if any. When equipment is returned for warranty service, the customer must present proof of the date it was purchased in the form of a proof-of-purchase sticker attached to the equipment.

The warranty shall not apply to defects and malfunctions resulting from any accident, alteration, failure to follow instructions, unauthorized repair, abuse, misuse, fire or natural causes such as storms, and floods and other acts of God.

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(N) #

II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY -
Continued

a. General - Continued

(2) - Continued

The Utility does not warrant that this equipment will work with non-Bell equipment or with party-line, coin, key, PBX, Centrex or private line services.

ALL IMPLIED WARRANTIES INCLUDING THOSE OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY FOR THIS EQUIPMENT ARE LIMITED IN DURATION TO THE SAME 180-DAY PERIOD SET FORTH IN THE EXPRESS WARRANTY ABOVE.

IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT, TORT LIABILITY (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL THE UTILITY OR ITS AUTHORIZED SERVICE AGENTS BE LIABLE TO ANYONE FOR DAMAGES OR EXPENSES DIRECTLY OR INDIRECTLY ARISING FROM THE USE OF OR INABILITY TO USE THE EQUIPMENT, EITHER SEPARATELY OR IN COMBINATION WITH OTHER EQUIPMENT, OR FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER, EXCEPT FOR THE LIABILITY TO REPAIR OR REPLACE EQUIPMENT COVERED BY A WARRANTY AND FOR INJURY TO PERSONS CAUSED BY THIS EQUIPMENT OR ITS FAILURE TO WORK, IF IT IS USED OR BOUGHT FOR USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

THE FOREGOING LIMITATIONS OF THE UTILITY'S LIABILITY SHALL APPLY TO THE FULL EXTENT PERMITTED BY LAW.

This warranty sets forth the entire liability and obligations of the Utility with respect to breach of warranty, and the warranties set forth herein are the sole warranties and are in lieu of all other warranties, express or implied, INCLUDING WARRANTIES OF FITNESS FOR PARTICULAR PURPOSE AND MERCHANTABILITY.

- (3) Telephones and equipment available from inventory may have been refurbished.
- (4) The Utility may refuse to repair or exchange equipment if, in the opinion of the Utility, such equipment is not reasonably repairable.
- (5) Upon expiration of warranties, no maintenance for basic telephones and other equipment sold from inventory under this schedule will be available from the Utility. The customer's sole remedies are as described in Section III. of this schedule.

(N) #

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II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY -
Continued

b. Basic telephones available for purchase from the Utility. **

	USOC	Price	Shipping Charge	Installment Billing *	
				6 Mos.	12 Mos.
Standard Telephone Rotary Dial	SET++, TEL++	\$ 35.00	\$2.50	\$ 6.14	\$ 3.21
Touch-Tone Dial	SET++, TEL++	55.00	2.50	9.65	5.04
Princess Telephone Rotary Dial	PRN++	45.00	2.50	7.90	4.13
Touch-Tone Dial	PRN++	65.00	2.50	11.41	5.96
Trimline Telephone Rotary Dial	TML++	55.00	2.50	9.65	5.04
Touch-Tone Dial	TML++	75.00	2.50	13.16	6.88

c. Other equipment available
for purchase from the
Utility. ***

Touch-a-matic 12 Adjunct Dialer	T6D+T	95.95	1.20	16.84	8.80
Touch-a-matic 16 Telephone					
Rotary Dial	T6J++	294.95	2.50	51.17	27.04
Touch-Tone Dial	T6J++	309.95	2.50	54.40	28.42
Touch-a-matic S Series Telephone	T6G+T, T6G+2	209.95	1.20	36.85	19.25
TeleHelper Speakerphone	SPJ+Z, SPJ+X	119.95	1.20	21.05	11.00
Answer & Record	THE+X	164.95	2.50	28.95	15.12

* Installment billing charge includes an interest rate of 1.5% per month on the
unpaid balance.

See Special Conditions: **1; ***2.

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(N)#

II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY -
Continued

c. Other equipment available for purchase from the Utility. *** - Continued

	USOC	Price	Shipping Charge	Installment Billing *	
				6 Mos.	12 Mos.
The AutoMatic Telephone					
Integrated Remote - Rotary	TFSHC	\$444.95	\$ 3.00	\$78.10	\$40.79
Integrated Remote - Push Button	TFSHI	469.95	3.00	82.49	43.09
Integrated Non- Remote - Rotary	TFAHC	364.95	3.00	64.06	33.46
Integrated Non- Remote - Push Button	TFAHT	404.95	3.00	71.08	37.13
Adjunct - Remote	TCJEN	434.95	3.00	76.34	39.88
Adjunct - Non-Remote	TCCHN	359.95	3.00	63.18	33.00
Pocket Coder	APC	52.95	1.20	9.29	4.85
CODE-A-PHONE 333	CFV	354.95	3.00	62.30	32.54
Pocket Coder	CJA	22.95	1.20	4.03	2.10
Noisy Location Telephone					
Amplifier Handset Sold in lieu of regular handset	TF3	36.00	1.20	6.32	3.30
Sold separately	TF3+S	44.00	1.20	7.72	4.03

* Installment billing charge includes an interest rate of 1.5% per month on the unpaid balance.

See Special Conditions: ***2.

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II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY -
Continued

c. Other equipment available for purchase from the Utility. *** - Continued

	USOC	Price	Shipping Charge	Installment Billing *	
				6 Mos.	12 Mos.
Amplifier Handset - Hearing Impaired Sold in lieu of regular handset	AMP	\$ 25.00	\$1.20	\$ 4.39	\$2.29
Sold separately	AMP+S	32.00	1.20	5.62	2.93
Amplifier Handset - Trimline - Hearing Impaired Sold in lieu of regular handset	AMS	26.00	1.20	4.56	2.38
Sold separately	AMS+S	28.00	1.20	4.91	2.57
Amplifier Handset - Weak Speech Sold in lieu of regular handset	HC7	51.00	1.20	8.95	4.68
Sold separately	HC7+S	59.00	1.20	10.36	5.41
Amplifier Handset - High Gain Amplifier Sold in lieu of regular handset	VUX	25.00	1.20	4.39	2.29
Sold Separately	VUX+S	32.00	1.20	5.62	2.93

* Installment billing charge includes an interest rate of 1.5% per month on the unpaid balance.

See Special Conditions: ***2.

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

(N)#

II. SALE OF BASIC TELEPHONES AND OTHER EQUIPMENT FROM UTILITY'S INVENTORY -
Continued

SPECIAL CONDITIONS

- 1. Customers may purchase equipment listed in II.b. above from the Utility or they may use such equipment by payment of the monthly rates and charges as shown in Schedule Cal.P.U.C. Nos. 4-T and 32-T.
- 2. Customers may purchase equipment listed in II.c. above from the Utility. Equipment offered under this section of the schedule is not available on a month-to-month basis to customers seeking installation after October 20, 1982, except for handicapped customers as shown in Schedule Cal.P.U.C. No. 157-T.

(N)#

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT

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III. AFTER-WARRANTY REPAIR/EXCHANGE PROGRAM

a. Repair of Basic Telephones

- (1) Customer-owned telephones purchased from the Utility brought in for repair, working or not, as long as they are repairable may be repaired or exchanged at the Utility's discretion for the charges as shown in this section. This will be the customer's sole remedy.
- (2) The repair by the Utility for customer-owned equipment purchased from the Utility will be subject to the availability of equipment and parts, and may be limited to equipment currently offered.
- (3) The Utility may accept the purchaser's equipment for repair along with the purchaser's payment and deliver the equipment by U.S. Postal Service or other shipper at the purchaser's expense.
- (4) Equipment that has been altered by the purchaser or is judged by the Utility to not be reasonably repairable, will not be acceptable for repair or exchange.
- (5) The Utility will provide a limited warranty for repaired or exchanged equipment as set forth in Section II.a-(2) of this schedule.

b. Repair of Other Telephones and Other Equipment

- (1) Repair of customer-owned Other Telephones and Other Equipment purchased from the Utility will be charged for as shown in this section. At the Utility's option the equipment may be exchanged. This will be the customer's sole remedy.
- (2) The repair by the Utility for customer-owned equipment purchased from the Utility will be subject to the availability of equipment and parts, and may be limited to equipment currently offered.
- (3) The Utility may accept the purchaser's equipment for repair along with the purchaser's payment and deliver the equipment by U.S. Postal Service or other shipper at the purchaser's expense.
- (4) Equipment that has been altered by the purchaser or is judged by the Utility to not be reasonably repairable, will not be acceptable for repair or exchange.
- (5) The Utility will provide a limited warranty for repaired or exchanged equipment as set forth in Section II.a-(2) of this schedule.

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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT			(N)#
III. AFTER-WARRANTY REPAIR/EXCHANGE PROGRAM - Continued			
c. Charge for repair/exchange of basic telephones with regular handsets			
	<u>USOC</u>	<u>Repair/Exchange Charge</u>	<u>Shipping Charge</u>
Standard Telephone			
Rotary Dial	SET++, TEL++	\$18.00	\$2.50
Touch-Tone Dial	SET++, TEL++	28.00	2.50
Princess Telephone			
Rotary Dial	PRN++	23.00	2.50
Touch-Tone Dial	PRN++	33.00	2.50
Trimline Telephone			
Rotary Dial	TML++	28.00	2.50
Touch-Tone Dial	TML++	38.00	2.50 (N)#

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Continued

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Assistant Vice PresidentDate Filed:
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SALE OF SINGLE-LINE TELEPHONE EQUIPMENT			(N) #
III. AFTER-WARRANTY REPAIR/EXCHANGE PROGRAM - Continued			
	<u>USOC</u>	<u>Repair/ Exchange Charge</u>	<u>Shipping Charge</u>
d. Charge for repair/exchange of other telephones and equipment			
The AutoMatic TelePhone			
Integrated Remote - Rotary	TFSHC	\$140.00	\$3.00
Integrated Remote - Push Button	TFSHT	130.00	3.00
Integrated Non-Remote - Rotary	TFARC	120.00	3.00
Integrated Non-Remote - Push Button	TFAHT	125.00	3.00
Adjunct - Remote	TCJHN	135.00	3.00
Adjunct - Non-Remote	TCCHN	115.00	3.00
Pocket Coder	APC	30.00	1.20
Touch-a-matic 12 Adjunct Dialer	T6D+T	45.00	1.20
Touch-a-matic 16 Telephone			
Rotary Dial	T6J++	125.00	2.50
Touch-Tone Dial	T6J++	125.00	2.50
Touch-a-matic S Series Telephone	T6C+T		
	T6C+2	65.00	1.20
TeleHelper			
Speakerphone	SPJ+Z,		
	SPJ+X	55.00	1.20
Answer & Record	TRE+X	70.00	2.50
CODE-A-PHONE 333	CFV	110.00	3.00
Pocket Coder	CJA	NA	NA
Noisy Location Telephone			
Amplifier Handset	TF3	26.00	1.20
Amplifier Handset - Hearing Impaired	AMP	23.00	1.20
Amplifier Handset - Trimline - Hearing Impaired	AMS	20.00	1.20
Amplifier Handset - Weak Speech	HC7	28.00	1.20
Amplifier Handset - High Gain Amplifier	VUX	23.00	1.20
NA = Not Applicable			
# Effective (date)			
(END OF APPENDIX B)			

Advice Letter No.

Decision No.

Issued by

Robert B. Roche
Assistant Vice President

Date Filed:

Effective:

Resolution No.

A.59849 et al. ALJ/ks

Sale of Equipment

The record convinces us there is a need to examine terminal equipment pricing. As we discussed under Costs for Ratemaking the traditional method for determining rental rates for terminal equipment is flawed; but, more fundamentally, the continued rental of telephone terminal equipment may not be the best policy as we approach deregulation of that equipment. It appears that offering terminal equipment for sale at net book value is a more fair and reasonable arrangement for utility and user.

Deregulation in the form of separate operations for provision of terminal equipment aside, sale of terminal equipment appears to be desirable. Terminal equipment is becoming increasingly mobile because of modular jacks and compact equipment, and it may be more desirable for customers to own the equipment instead of the utility. Substantial billing and tracking expenses are involved with utility ownership, and equipment is easily stolen, both of which add to consumer costs. With customer ownership, handling and billing costs will be reduced substantially, and theft is not a problem.

Sale of terminal equipment will also lead to greater customer understanding and choice of products. For design line phones, Pacific's current tariffs give the illusion that the product is sold, when actually, the customer buys the shell and not the functional part of the phone. By selling the phone and separating maintenance, customers could even have a choice of who maintains the phone. Currently, maintenance is buried in the rental charge, and customers are not aware of its cost or the cost of insurance against theft.

Pacific itself could benefit from the sale of terminal equipment. There would be a substantial cash infusion which would greatly assist Pacific in meeting its capital program.

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Excerpts From D.93367

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Our desire to implement sale of terminal equipment is also substantially motivated by pending proposals to deregulate the terminal equipment market.

Both the FCC Computer Inquiry II decision and proposed Federal legislation (S.898) provide for the formation of a fully separate deregulated AT&T subsidiary for terminal equipment. Under the FCC order, the subsidiary will be formed next March. The unresolved question is how existing rented, tariffed Bell System terminal equipment should be handled once the subsidiary is formed. The current FCC plan provides for embedded equipment to be rented by the regulated operating companies. Because of all of the problems with separating operations between new and existing equipment, the Bell System has proposed to transfer all existing equipment to its new subsidiary. While perhaps reducing the waste, confusion, and inconvenience of the FCC's plan, AT&T's approach creates a more critical problem. The deregulated subsidiary would have a dominant market position to charge excessive prices because it would own the vast proportion of terminal equipment available. That result greatly concerns us. With the sale of terminal equipment under tariff, customers would have the opportunity to purchase that equipment at a reasonable price before it is transferred to the unregulated Bell subsidiary.

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The opportunity to purchase terminal equipment is also the perfect answer to the migration strategy, saving ratepayers from the twin evils of higher rental rates and increased stranded investment.

While we are persuaded conceptually that sale of terminal equipment is desirable, there is not sufficient evidence in this record to develop an appropriate order establishing tariffs now. Also because of the issues we will take over to further hearings such as equipment costing, stranded investment, and depreciation rates, and because all interested parties have not had a chance to fully respond to the proposals in this proceeding for sale of equipment, we will take this issue also to the further hearings.

We think it critical that the public as well as the parties to this proceeding understand that we view sale as a highly desirable course for the future and one that, barring unforeseen obstacles, we will move quickly to implement. We will expect all telephone companies, the staff, and any interested parties (respondents to OII 81) to file proposals by September 15, 1981 for sale of equipment for cash or on terms as well as its continued maintenance. Such proposals should anticipate that book value will be the appropriate starting point for determining a fair price.

rationale. However, as discussed in the previous section, the prices we adopt are lower for in-place equipment than those originally filed by Pacific, because of our assessment that in-place equipment can be sold by mail at a lower cost due to avoidance of certain administrative overheads. Therefore we reject Interconnection Association's protest, because no equipment will be sold below cost. In the future, Pacific must make a showing before changing any prices, giving interested parties protection from anticompetitive actions by Pacific.

Competitive Considerations

Interconnect Association, a competitor to Pacific in furnishing equipment to telephone users, participated vigorously in the hearings on single-line equipment sale. No other direct sale competitors to Pacific appeared. As noted, Interconnect Association does not oppose the prices recommended by the ALJ even though it offered its own set of prices through a witness. We note also that, even though Interconnect Association would prefer to see Pacific sell at prices it proposed, it recognized in its protest to the advice letter that the ALJ had, "after careful consideration of competing theoretical and factual contentions, evaluated and synthesized the evidence and derived recommendations for the proper pricing of such sale offerings." The Interconnect Association's major concern is that prices not be below cost, a criterion with which we concur. We find that none of the prices authorized in this decision are below cost. In further evaluating the effects of this decision on competition, we compare the prices on Table 1 recommended by the ALJ, which Pacific is adopting, with those of non-Bell System equipment vendors as taken from the record. In all cases but one, the inventory prices fall between the low and high non-Bell prices. In the case of in-place equipment, there is no doubt Pacific has an advantage because it is "there" already. But one must note that the equipment in-place is used and may be almost new or several years old. Even so, the \$19 in-place, by-mail price

raise terminal equipment prices substantially. AT&T's migration strategy found in D.93367 is evidence of AT&T's ability and intention in this regard. The sale of much of the embedded base to customers should reduce AT&T's potential market power, and ease the transition to full deregulation.

On the other hand, we acknowledge that AT&T's terminal equipment prices could fall after deregulation depending upon competitive conditions then prevailing. Therefore, we can only say that this decision provides Pacific's customers an opportunity to evaluate the sale option. We recommend that each customer carefully consider Pacific's prices and those of its competitors. We do believe that buying a telephone at these prices makes good sense for most customers when compared with continued rental of the in-place telephone. The prices are fair for Pacific and its customers and are consistent with historic regulatory conventions. Many customers, we are sure, will criticize the program because they have had their phones in-place for a long time and believe they long ago paid for them. However, the group method used to book investment and depreciation does not provide a means of determining when a phone was put into service nor where it has served. This problem was fully explored on the record with no satisfactory solution. For instance, the record shows that the basic rotary dial set used by Pacific today was introduced in 1949! Pacific, as all phone companies do, cycles its equipment by refurbishing it when possible. Equipment put into service from inventory may be rebuilt or brand new. Outwardly there seems to be no difference in appearance and, functionally, they perform identically.

To permit customers to compare the sale option with the current rental costs, we will order Pacific, within 90 days, to break out on customers' bills the individual charge for each telephone instrument under rental. While this will add additional

lines to bills, this information is valuable for customers in choosing among terminal equipment options.

As we stated earlier, we want to see the sale program implemented as soon as possible. So even though the tariff approved as Appendix B shows, as requested by Pacific, October 20, 1982 as the effective date of the program, if it can be implemented sooner, so much the better as long as customers have at least 30 days' notice. Charging for nonreturn of Pacific equipment should be instituted as soon as possible and be coincident with rescission of the \$5 equipment return payment.

Finally, there was concern by some parties that the method of sale and prices for single-line equipment not be a precedent for a program for multiline equipment. We agree with their position.

Separation and Settlements

One of the issues in the proceeding was the impact the sale plans would have on the revenues Pacific receives from the separations and settlements process. Parties raised the concern that the sale would reduce the allocation of nontraffic sensitive costs to long distance calls, and thereby result in a local revenue shortfall. This problem should be ameliorated by the terminal equipment phase-out recommended by the Federal/State joint board dealing with the subject, and adopted by the FCC in decisions _____ and _____. Under that plan, the terminal equipment account can be capped at any time for separations purposes and written down over five years regardless of the actual amount of terminal equipment on the books for other purposes.

Establishing a cap before January 1, 1983 is optional, and economics should determine whether or not to select this option. We will request Pacific to provide a study within 30 days on whether it would be desirable to apply a cap before January 1, 1983 to take into account the impact of this order.

Findings of Fact

1. Offering terminal equipment for sale to Pacific's customers is desirable because deregulation of that equipment is imminent.

2. Pacific and the staff complied with the order of the Commission in D.93367 by presenting complete proposals for the sale of single-line telephone terminal equipment.

3. Hearings were held on the Pacific and staff proposals and modifications of these proposals suggested by several interested parties at which time all interested parties had an opportunity to appear and be heard.

4. Pacific filed Advice Letter 14270 on June 21, 1982 which contains a proposal for the sale of single-line equipment quite similar to that proposed to the Commission by the ALJ assigned to these matters.

5. Only one protest to Advice Letter 14270 was timely filed with the Commission.

6. The proposal in Advice Letter 14270 modified as indicated in the opinion portion of this decision ~~should be~~ approved; no equipment will be sold below cost, and the sale program therefore will not be anticompetitive. *is* *Kin*

7. There is not enough information in the current record to determine the overall effects of the sale program on Pacific's revenue requirement as approved in D.93367.

8. Further hearings should be held to develop the informational deficiency mentioned in Finding 7.

9. Lost or unreturned telephones are a significant economic burden on Pacific's ratepayers.

10. The economic burden of lost telephones will be significantly reduced if customers not returning phones on disconnection are charged for them at the rate approved by this decision for sale of in-place equipment.

3. Based on the foregoing findings of fact and under Public Utilities Code Section 455 this Commission may grant Pacific authority to institute the tariff provided for in the following order.

INTERIM ORDER

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) is authorized to file the tariff attached as Appendix B no earlier than the effective date of this decision and on not less than five days' notice to the Commission and the public.

2. Sale of equipment under the tariff authorized in Ordering Paragraph 1 shall not commence prior to Pacific's present customers being given 30 days' notice of the program.

3. Pacific shall submit its proposed notice to customers of the sale program to the Commissioners and ALJ assigned to these matters for their review.

4. Tariff sheets filed under the authority of this decision shall be marked to show the number of this decision as authorization for their issuance.

5. For ^{all monthly} bills rendered ^{to single-line customers} 90 days after the effective date of this decision Pacific shall ^{show the charge for each} ~~show the charge for each~~ ^{piece of terminal equipment under rental.} ~~piece of terminal equipment under rental.~~ *KA*

6. Pacific shall provide the Commission within 30 days of the effective date of this decision a report on whether it is beneficial to cap its customer premises equipment account for separations and settlements purposes before January 1, 1983.

7. Further hearings shall be scheduled in these proceedings to determine the overall effect of the sale program on Pacific's revenue requirement as approved in D.93367.

8. Advice Letter 14270 is consolidated with A.59849 et al.