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Decision S4 G1 036 *Jan 5, 1984***ORIGINAL**

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 author-)
 ity 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 author-)
 ity 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.)

OII 63
 (Filed December 18, 1979)

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

OII 81
(Filed August 19, 1980)

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

OII 84
(Filed December 2, 1980)

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to increase and reduce certain intrastate rates and charges and establish certain new rates applicable to telephone services furnished within the State of California.

Application 82-10-23
(Filed October 12, 1982)

(See Decisions 93367, 93728, and 82-08-017.)

OPINION (PHASE II)

I. SUMMARY OF DECISION

This is a landmark decision for California's telephone subscribers in that we are ordering telephone utilities to extend options with respect to maintaining and repairing inside wiring, (or the wiring on a subscriber's premises running from the utility's outside connecting-box to telephone sets). It will take telephone utilities six months to gear up for the changes, which will result in no net rate changes.

Subscribers from Pacific and General may elect to install and repair their own inside wiring, which carries responsibilities, and have their basic monthly rate per access line reduced by 35¢ per month. All subscribers from other telephone utilities will automatically have their rates reduced 35¢ per month per access line.

Pacific and General will continue to maintain and repair inside wiring for subscribers who do not elect to do it themselves, but such subscribers must pay 35¢ per month for such service (which is analogous to an insurance premium). This 35¢/month is presently rolled into basic rates, so if they elect the monthly pay plan for such service there will be no increase over their existing monthly rate. Another option for the customers of General and Pacific, if they elect to maintain and repair their own wiring, is to pay a flat fee if and when they have trouble caused by inside wiring problems, and request repairs from the utility; the flat fee is \$60.

Subscribers with complex inside wiring, primarily business customers, will have essentially the same option as other subscribers.

All maintenance and repair work on inside wiring by telephone utilities other than Pacific and General will be done, upon request, on a time-and-materials basis.

Minimum standards for subscriber work on inside wiring are adopted. They are very close to those Pacific has had in effect for about two years.

Our extending these options is consistent with the overall move throughout the nation to deregulate and to otherwise provide subscribers choices in the telecommunications field. Further, it is consistent with our decision of about two years ago to require all subscribers to pay off previously capitalized or embedded inside wiring over 10 years; subscribers are, essentially, under that decision now buying all embedded inside wiring. Thus, we think it is only fair they have some choices.

This decision addresses other less sweeping issues, pertaining primarily to specialized wiring installation matters.

II. HISTORY OF PROCEEDINGS

We initiated Order Instituting Investigation (OII) 84 on December 2, 1980, with all local exchange wireline telephone utilities as respondents, to consider whether the then traditional accounting and ratemaking treatment of telephone station connections and related services should be modified. Initially, the impetus for OII 84 was the Federal Communications Commission's (FCC) pending rulemaking concerning possibly expensing station connections, instead of continuing the traditional capitalization. ✓

The particular portion of what are termed "station connections" (Account 232, under the FCC's Uniform System of Accounts) covered by our investigation is "inside wiring". This, for accounting purposes, is the wiring within a customer's premises stemming from his side of the utility's protector.

OII 84 listed a number of issues to be addressed and resolved. They were segregated into two broad categories: (1) station connection accounting/ratemaking and (2) customer ownership of premise wiring or deregulation. The first category of issues was addressed by our Decision (D.) 93728 on November 13, 1981, as modified by D.83-01-100, which denied rehearing. Phase II of OII 84, covering customer ownership issues, has been to hearing, briefs have been filed, and is the subject of this opinion. The

Pacific Telephone and Telegraph Company (Pacific) filed Application (A.) 82-10-23, for consolidation with OII 84, so that its proposed rate adjustments, if accepted by us, could be authorized in revised tariffs.

Finally, by D.93728 we ordered the inside wiring portion of Account 232 to be expensed; this was done by directing all new inside wiring expensed, consistent with the FCC's new accounting treatment, and the accrued net balance of previously capitalized inside wiring was ordered amortized or expensed over 10 years. Telephone utilities were authorized a billing surcharge and increases in intrastate message toll rates and installation charges to carry out this program.

The practical result of the accounting and ratemaking change for inside wiring is that telephone customers essentially own all newly installed inside wiring because they are paying for it in present rates; further, they are in the process of buying all embedded or previously capitalized inside wiring (installed before November 28, 1981) through the 10-year amortization plan. This is a key point, we think, which puts the issues covered by this opinion in perspective. ✓

III. ISSUES

OII 84 listed 18 issues touching on customer ownership of premises wiring. There was a good deal of discussion at our second prehearing conference on December 10, 1981, about whether some of those issues were moot in view of D.93728. There was no consensus, but parties proposed three additional issues. While some of the 18 issues we posed for Phase II of OII 84 overlap those decided in Phase I, we think listing those 18 issues, plus the three added at the second prehearing conference, will be a good overview of what the balance of this opinion will address; they are:

1. Is it desirable to have inside wiring installed, owned, and maintained by businesses other than the regulated telephone companies?

2. Would competition in the installation of premises wiring result in cost reductions, stimulate innovations, or otherwise be beneficial to customers?
3. What will be the demand for new customer-owned premises wiring (COPW)?
4. What portion of the private sector is prepared to provide COPW services?
5. Would any safety risks result from COPW, and would COPW result in degraded telephone service and harm to the integrity of the network?
6. What would be the economic effects on the regulated telephone companies of allowing COPW?
7. What are the accounting and tax effects on COPW?
8. Should customers be allowed to purchase utility-owned, in-place premises wires? How should such sales be accounted for, and how should the sales price be determined?
9. Should the respondent telephone utilities be required to provide maintenance of COPW? If so, what type of maintenance shall be required?
10. What problems might result from total deregulation of premise wiring?
11. How would COPW impact on proposals for the expensing of station connections?
12. Should this Commission establish rules or standards for the installation of premises wiring? If so, what rules or standards should be established?
13. Should the installation of premises wiring for compensation by other than telephone companies be limited to licensed persons? If so, in what manner shall they be licensed?
14. Should homeowners be permitted to install premises wiring or additions? If so, how should the integrity of the network be maintained?

15. What form of interface should be used at the point of connection between the utility's drop wire or underground riser and the customer-owned premises wiring? Where should the interface be located?
16. Who should be responsible for providing entrance conduit between the premises and the utility's main feeder system?
17. Should customers be allowed to purchase utility-owned, in-place premise wires? If so, what are the risks to the integrity of the network?
18. Should there be permitted telephone utility-owned handsets connected to COPW? If so, who should be responsible for maintenance of such handsets?

(Added at the Prehearing Conference)

19. Whether third-party ownership of in-place wiring should be permitted.
20. Whether customers or alarm companies should be allowed to install an "RJ31X coupler" at the outside point of the utility connection to facilitate the use of inside wiring in conjunction with alarm devices (for both residential and simple business customers).
21. Whether customer-owned wiring should be allowed for connection with the private line network as well as to the exchange network.

IV. SHOULD TELEPHONE UTILITIES CONTINUE TO PROVIDE INSIDE WIRING REPAIR?

A. Background

General Telephone Company of California (General), Pacific, and our Commission staff (staff) indicate that telephone utilities should continue to maintain inside wiring (IW), but recommend subscribers be afforded options. One option, of course, is for the subscriber to be responsible for maintenance and repairs; this is a

logical option since subscribers are in the process of essentially buying embedded inside wiring over the 10-year amortization period. The analogy is buying a car on an installment contract, where the owner can return to the dealer for repairs or do it himself. The other options are for: (1) utilities to assess a charge for each maintenance visit or (2) to assess a recurring monthly charge, like an insurance premium.

Currently, the utility cost of maintaining and/or repairing inside wiring is rolled into residually set basic exchange rates. All subscribers are now paying for it. A phase-in allowing subscribers to select from maintenance options means existing basic rates will have to be "unbundled". Thus, subscribers who opt for their own maintenance will have their basic rate reduced, and charges for those subscribers electing utility IW repair services must be set.

Subscribers would be too suddenly cast adrift if telephone utilities did not continue to offer optional IW maintenance and repair service. So we will direct telephone utilities to continue to give subscribers the option of utility-provided IW repair service.

While the specific options will be addressed later, some issues surrounding the phase-in period, and how soon the subscriber population will be informed enough to make an election, warrants discussion. Telephone utilities will be required to notify subscribers of their options, but which approach should be taken with respect to subscribers who make no election? Should we presume they want continued utility repair service, or that they, by their silence, presumably prefer to do their own repairs? We think there is peril, and the possibility of confusion and subscriber consternation, if we presume those who do not elect an option wish to do their own repairs. For example, we can envision a subscriber having a problem with his inside wiring a year from now, and upon calling the phone company being told "we will repair your wiring for \$60, since you did not opt for a monthly 35¢ charge for maintenance

when the option was extended; if it's any consolation, your bill was reduced 35¢ per month over the last year." The cost of repair can be so high in contrast to the monthly charge for such service, that we think there will be fewer instances of bitterly disappointed subscribers if we assume their silence is assent to the monthly maintenance charge. Nevertheless, we will direct telephone utilities to have an extensive public awareness program periodically to educate subscribers about their options.

Finally, before getting to specific options and rate impacts, we will address General's point that while we should ensure some maintenance is available through utilities, "regulation as to rates may not be necessary" (General's brief, page 5). Despite the advent of "deregulation" of inside wiring, we think it will be a long while before the ramifications and options are understood by subscribers. Indeed, many of the recent sweeping changes in the telecommunications industry will not be fully realized or understood by the public for some time. Subscribers are now used to dealing with their serving telephone utility, and maintaining inside wiring is an activity so ancillary to providing basic access line communication that we believe subscribers expect the charges for utility wiring repair and installation service to be regulated. Our goal in continuing rate regulation over this utility activity is ensuring their charges are fully compensatory, but not excessive. Pacific differs from General on this point; it prefers regulation (TR Volume 123, page 13533).

B. Proposed Inside Wiring Repair
and/or Maintenance Plans

Pacific's proposed maintenance plan was so substantially similar to our staff's and General's that we will use it for illustrative purposes, and to analyze as a basis of the plans ordered by this decision. We think there should be uniform plans for at least the two largest telephone utilities, Pacific and General. For

convenience, we are attaching, as Appendix A, Sections 2-5 of Exhibit 458, which lists Pacific's options and explains administrative details; unless indicated otherwise in this opinion, these are the options and their terms which are adopted for those two telephone utilities (the plans for smaller utilities are separately addressed later). The plans, and their various terms and conditions, are broken down by Pacific into two customer categories: (1) simple residence and business services and (2) complex¹ residence and business services (Exhibit 458).

Subscribers with simple residence or business inside wiring would have the following options:

1. Monthly maintenance option by paying a recurring monthly maintenance charge per access line.
2. A "per trouble occurrence" charge; the subscriber requesting utility repair or maintenance would pay a fixed flat rate for each utility visit; no recurring monthly maintenance charge would, of course, be assessed to subscribers electing this option when an inside wiring problem developed.
3. The subscriber can maintain and repair his own inside wiring, either himself or through an outside nonutility supplier.

Customers with complex residence or business wiring would have the options of:

1. Providing their own maintenance and repair.

¹ Complex service is defined as where the subscriber's premises (business or residential) has lines and service which include common equipment such as: key telephone sets, PBX systems, centrex and data sending arrangements. (Pacific's proposed Schedule 166-T, Section 2.2.4 - definitions; with Exhibit 458). Service with two lines for a single instrument with one key is considered simple service (TR Volume 121, page 13225).

2. The monthly maintenance option assessed on a per station basis.
3. Being charged by the telephone utility on a "time-and-materials" basis (for repairs, installations, and rearrangements).²

Customers with complex residence or business wiring would have the options offered those with simple services, except for a fixed flat charge per "trouble occurrence," and substituted in its place is the time-and-materials option; also, the monthly payment plan option is conditioned on the customer with complex services having utility-supplied station equipment.

Conditioning the monthly pay plan for complex services on having utility-supplied station equipment is, in our opinion, unreasonable. Combined results from the Bell System divestiture suit in U.S. District Court and action taken by the FCC means that Pacific's station equipment will be detariffed or deregulated, and actually transferred to an American Telephone and Telegraph Company (AT&T) subsidiary. The final judgment in the divestiture suit provided that the Bell operating companies, such as Pacific, could provide terminal equipment after 1983; however, Pacific would have to start from "scratch" since all its existing terminal equipment would be transferred to the AT&T subsidiary. General is in a different situation in that its embedded station equipment will simply be detariffed. The basic anticompetitive ramifications of having one of

² Pacific did not propose a time-and-materials charge option for subscribers with simple wiring, either for installation or repair service. It concludes that the multi-element installation charges are fully compensatory; and, with respect to repair service, the costs associated with training all its repair personnel to deal with subscribers, and keep the detailed records required for time-and-materials work, would be prohibitive (TR Volume 123, pages 13479-80).

the maintenance plans available only if a utility provides station equipment leads us to conclude the proposed condition precedent for this option should be eliminated. Certainly the elimination of this condition may make it somewhat more difficult to bill these subscribers, as General and Pacific will not have records on the number of stations at a given premises. Accordingly, we think it is reasonable to require subscribers with complex wiring who elect the monthly pay plan to provide utilities access to the premises to periodically inventory stations as a condition for having the monthly pay plan. That will provide a means of ensuring the utility's records for billing are reasonably accurate. Nonregulated station equipment suppliers may offer their own monthly payment maintenance plans, but it is not clear at this juncture. The public, specifically subscribers with complex services, will be best served by having the benefit of the monthly pay plan through telephone utilities, at least during a reasonable transition period. This illustrates, however, why it is important that the rates for the various optional plans must be fully compensatory, including an allowance for a return on capitalized utility facilities allocated to inside wiring repair and maintenance service. There can be anticompetitive ramifications from many angles if these telephone utility charges and conditions for service are not carefully set. (Issues for the utility service and utility revenue requirements will be addressed later in this opinion.)

A limited warranty of 30 days would be extended on all work done under the trouble occurrence or time-and-materials charge options.

C. Subscribers Who Will Not Have
the Option of Repairing Their
Own Inside Wiring

For every rule there seems to be an exception. The only subscribers with simple inside wiring who, according to Pacific,

should not be able to elect one of the above options would be those with party-line and semi-public coin telephone services. Pacific's reasons are:

"At this time on party-line service there are some difficulties with a shared facility that we would prefer to keep under our control so that we don't have one customer inadvertently generating toll messages or calls on somebody else's bill. On semi-public (coin) service we consider that as a public utility service and we want to maintain the repair responsibility for the entire service. ...if the customers installed their own inside wire, as an example, there is no way that we could guarantee that it would be maintained properly or that potentially the machine was collecting money." (TR Volume 123, page 13474.)

Pacific's considerations are valid and its proposed exceptions are reasonable. We will order all telephone utilities to provide all installation and repair of inside wiring for these particular subscribers, and the basic exchange rates for these services will not be unbundled.

D. Implementing Subscriber
Choice and Billing

Pacific proposes that all subscribers not initially choosing otherwise should be automatically assessed the monthly charge plan rate. We have, as discussed above, concluded this approach is best. However, it leads to concern about the level of ongoing notice to subscribers. The preferred approach is for the recurring monthly maintenance charge to be separately listed on the subscriber's bill each month; if the charge applies, the total amount would be shown, and if it were not chosen by the customer, it would read "not elected" after the listing. This will provide a reasonable means of keeping subscribers apprised of what inside wiring repair service they are or are not paying for, and this may result in fewer surprised subscribers when the need for inside wiring repair arises. We will, accordingly, direct this itemization with each monthly

bill. Pacific's proposal envisioned itemization on an "other charges and credit statement" included with the bill, perhaps as a separate document, if the monthly charge plan is applicable. In view of our requirement that the utility remind subscribers monthly who did not elect or who elect out of the monthly pay plan of their status, it may be Pacific and General will want to include a line item directly on their bills, and not in a separate statement, as a means of reducing billing bulk. However, we will leave the utilities the option of selecting where and how to list this information, whether on the bill itself or as a separate statement.

E. Maintenance and Repair By Smaller
Independent Telephone Utilities

Fifteen of the smaller telephone utilities sponsored Exhibit 463. In addition to concerns about potential liability for utilities if subscribers are injured doing their own repairs on inside wiring, these utilities indicate all repairs by utilities should be charged on an untariffed time-and-materials basis. They think any monthly maintenance charge would "end-up noncompensatory, or have to be set so high as to penalize all ratepayers for the installation errors of a few" (Exhibit 463, page 5). Staff thinks a time-and-materials charge for smaller, independent utilities is the only course. It points out that these utilities serve primarily rural areas, where there can be wide variations in travel time, and they do not have the large number of subscribers that Pacific and General have to average out maintenance costs among all subscribers when setting recurring or fixed charges.

Although we prefer uniformity in treatment for subscribers throughout California, primarily to avoid confusion and the appearance of inequitable treatment, we will, with some reluctance, order all utilities other than General and Pacific to do all repair work on a time-and-materials basis. The time or labor charge rate must, however, be contained in their tariffs (The structure of the

tariff charges is discussed later in the context of Pacific's time-and-materials charges).

F. Time for Starting the Maintenance/Repair Plans

Pacific requests 120 days from the effective date of our order so it can send notice of the new options and rates, and receive subscriber elections, before new tariffs go into effect.

We prefer that the changes for inside wiring ordered by this decision, particularly the optional maintenance plans and rate unbundling, go into effect after customer notice and a reasonable time for them to make elections, and that the changes occur statewide at the same time. In view of the relative complexity of the undertaking, and since smaller utilities may not be able to react and implement the changes as quickly as Pacific, we will allow 180 days after the effective date of the following order before the new rules and tariffs we order are effective.

V. RATES AND CHARGES FOR TELEPHONE UTILITY REPAIR AND/OR MAINTENANCE OF INSIDE WIRING

A. Pacific (Simple Residential and Business Wiring)

Pacific and General submitted proposed rates that would apply when the existing basic exchange rate per access line is "unbundled", and charges are assessed for utility repair under the various options to subscribers. Staff thinks Pacific's proposed rates are reasonable, and we will address those rates first.

Pacific identified and allocated its costs associated with maintenance, installation, moves, and changes of new and in-place inside wiring for simple and complex services (Exhibit 458, Section 6). The costs allocated include "fully loaded" labor costs for its craft workforce, including an assignment of costs for vehicles, supervision, tools, vacations, etc. Also, a portion of Pacific's administrative expense, which does not include overheads

assigned to labor costs, is assigned. In determining costs for the monthly pay option, Pacific developed its costs per access line for simple services, and per station for complex services. The results produce an average cost of 35¢ per month per access line, and 30¢ per station for complex services (this is based on 1982 costs). This monthly cost is translated directly into Pacific's proposed rate reduction for basic exchange service, and into the corresponding monthly charge for subscriber, business and residential, selecting the monthly pay plan.

The charge per occurrence for repair would be \$60 and, of course, would apply to subscribers not electing the monthly pay plan, but who want Pacific to repair their inside wiring. Pacific contends the monthly pay plan is the most advantageous option; it bases its conclusion on a comparison of the typical subscriber paying 35¢ per month versus the subscriber placing the 35¢ per month into a hypothetical sinking fund. The key assumptions are that (1) the subscriber with one station on an access line will have trouble related to inside wiring every 12 years; however, the average subscriber has 1.7 stations associated with inside wiring per access line, which means the probability for the hypothetical average subscriber having trouble any given year is slightly less than one out of ten and (2) a discount or interest rate of 8% is used. If trouble occurs before the end of 12 years, the subscriber with the monthly pay plan is ahead by about \$20 (Exhibit 484). This is interesting. Ultimately, however, we think, each subscriber will make an election based on his comfort level of dealing with and understanding electric circuitry and, of course, his willingness to assume some risk.

B. Pacific (Complex Residential and Business Wiring)

Pacific proposes a monthly rate of 30¢ per month per station or terminal (provided by Pacific) for the monthly charge

plan. For the time-and-materials charge per trouble occurrence, Pacific proposes time rates in 15-minute increments, with a charge higher for the first 15 minutes to capture fixed costs for the visit. The time rates vary, depending on the day and time work is performed, from \$30 for the first 15 minutes and \$12 for all additional 15-minute increments for work done weekdays during business hours, to \$46 and \$17, respectively, for work on Sundays and holidays. A price list for materials will be kept current and available upon request to subscribers.

C. Unbundling the Basic Exchange Rate

Pacific's proposed method of "unbundling" rates to reflect the various options and their costs is to add the monthly pay plan rate (e.g., 35¢) to the existing basic exchange charge, then reduce the billing surcharge initially authorized by D.93728. (Exhibit 458, Section 7.) There are several problems with Pacific's proposal: (1) It is difficult to anticipate subscriber reaction to the option, and the corresponding revenues that will be collected in rates for utility-provided repairs; (2) the surcharge is applied as a percentage of the total bill, which means subscribers with the smallest bills will not realize a direct reduction in their rates equal to the cost savings the utility realizes by not providing repair service; and (3) it will be difficult for customers to understand that the unbundling results in no net rate change if they elect the monthly pay plan. Therefore, we will direct the unbundling to be confined to the basic exchange rate, and not involve ourselves in trying to anticipate the initial revenue impact and set a corresponding billing surcharge reduction which must occur simultaneously with the effective date of tariffs with the optional plans. We think this approach will result in both less confusion and less administrative complexity in setting the billing surcharge each year for the numerous telephone utilities. Also, we want to treat the unbundling substantially the same for all telephone utilities and

their subscribers, and some of the smaller utilities do not have a surcharge.

D. General (Simple Wiring)

There was disagreement between General and our staff on General's proposed rates.

Before getting into the differences, we will address General's position that it is "too complex to try to compute a monthly maintenance charge for complex services" (General's brief, page 6). General's witness was unable to explain why it would not extend the monthly pay plan to complex services (TR Volume 133, page 14654). Pacific was able to compute a monthly charge. We think the two largest telephone utilities should have consistent maintenance options, particularly as they are contiguous in the Los Angeles area. Needless subscriber confusion will result if General and Pacific have different options. Therefore, we will direct General to file tariffs offering the same maintenance options we direct for Pacific.

Also, related to our goal of minimizing subscriber confusion, is the recommendation of General and Pacific that they not be required to repair "substandard" wiring, even if a subscriber has been steadily paying the monthly pay plan charge. They propose a special additional charge in these circumstances to bring the wiring up to standard. Staff thinks it is unfair to impose a separate additional charge on the subscriber who has paid the monthly charge, but who is found to have substandard wiring when the utility ultimately makes its repair visit. The instances when this would occur are, according to Pacific, few (Pacific's brief, page 19). However, staff correctly notes that the utilities are not proposing to refund all monthly charges made under the monthly pay plan by the presumably unaware subscriber, and concludes: "No customer should be forced to bear the risk, before electing a maintenance plan, of correctly ascertaining whether his inside wiring meets 'minimum

standards' whatever they are" (staff's opening brief, page 4). The utilities' approach can only lead to intense subscriber ill will and sets a vague standard which the average consumer could not be expected to understand or appreciate. Their recommendation is rejected. The record keeping requirements and subscriber consternation likely to result from the utilities' proposal are just not worth the attempt to achieve cost recovery perfection.

General's proposed monthly charge under the monthly pay option started at \$1.40 and, as the proceeding went on, went down to 40¢ (TR Volume 133, page 14608). The 40¢ rate is suspect. It includes as much as a 29% markup for profit (TR Volume 133, page 14642), which General contends is necessary to avoid charges of unfair competition. General's cost tracking study, which was directed by D.93728, shows a monthly maintenance cost of \$0.306 per access line. In summary, General did not justify its proposed charges for the monthly maintenance plan. From this state of our evidentiary record, we think it is reasonable to direct General to have the same rates as Pacific; in essence this amounts to using Pacific as the "ratesetting utility" for purposes of this decision, but this is appropriate since General has not demonstrated why its rate should be higher.

General's proposed charge for a repair visit is \$60, the same as Pacific's. This is the rate we will direct General to file in its tariffs for per-trouble repairs to simple wiring subscribers who want General's repair service, but who are not on the monthly pay plan option.

E. General (Complex Wiring)

Whereas Pacific proposed a labor or time rate in $\frac{1}{2}$ -hour increments, with the first $\frac{1}{2}$ hour priced highest, General proposes a minimum \$60 charge for the first $\frac{1}{2}$ hour and \$14 for each additional $\frac{1}{2}$ hour. The charge would be the same regardless of whether repair was done on weekdays, Saturdays, Sundays, or holidays. This is the time

charge for time-and-materials work. We think Pacific's price structure, which varies with its labor cost by reflecting higher wages on Saturdays and Sundays, is fairer than an "average". Further, given the size of Pacific and General and their comparable service territory conditions, nothing in our evidentiary record shows why General's charges and conditions for the time charge component of the time-and-materials option should differ from Pacific's. We will order General's time charges and terms to parallel Pacific's for time-and-materials work.

Finally, as discussed above, we will direct General to have the same optional monthly pay maintenance plan for complex services subscribers as Pacific, and without being limited to subscribers who have station equipment supplied by General. Again, on this last point, we think it is unreasonable and discriminatory for this option to be limited based on which vendor the subscriber obtains station equipment from; further, the restriction General proposes raises anticompetitive ramifications in the station equipment market.

F. Smaller Independent Telephone Utilities

We are authorizing smaller utilities to provide repair service on just a time-and-materials basis, and they may file tariffs with their respective time or labor rates. Their tariffs must be structured along the lines of Pacific's (which is discussed above).

No evidence was presented on how the corresponding unbundling should occur for these utilities. If anything, we expect their current basic exchange rates to reflect at least a slightly higher allowance for inside wiring repair because they serve predominantly rural areas; this means more travel time and vehicle expense. Rather than attempt a quantification for each of these small utilities, we think it is reasonable to simply apply the 35¢ per month developed by Pacific. One benefit of this approach is that, at least initially, the impact will be the same throughout California, and some uniformity in this era of transition in the

telecommunications industry is highly desirable. Accordingly, we will order their basic rates per access line reduced by 35¢ concurrently with their tariffs being effective for time-and-materials inside wiring repair rates.

VI. INSTALLATION OF NEW INSIDE WIRING
BY TELEPHONE UTILITIES (TERMS
CONDITIONS, AND CHARGES)

Pacific proposes a different system of charging for installations. New installation requests for simple inside wiring would be charged for under the existing multi-element installation tariff. Complex services inside wiring would, however, be installed only on a time-and-materials basis (TR Volume 123, page 13532). Whereas it is relatively easy to develop average costs for the typical simple services wiring installation, Pacific thinks the nature of complex services wiring installations makes it too difficult to develop fixed multi-element charges. Its approach is to charge the "cost causer" directly, based on actual costs.

The entire question of telephone utilities doing inside wiring installation is somewhat clouded in view of the coming deregulation of terminal equipment. Inside wiring installation charges, depending on how they are assessed, can have some repercussions in the competitive deregulated terminal equipment marketplace. In 1984 Pacific may enter the deregulated terminal equipment market, but it must essentially start from scratch because all its existing customer premises station equipment will have been transferred to the AT&T subsidiary. Other telephone utilities will ultimately have their embedded terminal equipment deregulated.

We presume nonutility terminal equipment vendors will offer inside wiring installations for customers who may want those vendors' phones, but who do not want to do their own wiring; however, a big question remains as to how these vendors will price such service. Certainly we do not want telephone utilities offering inside wiring

installations, as a regulated activity, below their cost as an inducement to attract business for their deregulated equipment sales; any such subsidy would be borne by all ratepayers. Ultimately, it may be that the installation of new inside wiring will require deregulation to avoid an endless maze of complex cost allocation issues during ratemaking. But we are in a state of change, and for the time being we will set rates for the installation of new inside wiring; primarily this is because subscribers are used to dealing with their serving telephone utility, and too many new ground rules will only compound their confusion given the fundamental changes in the telecommunications industry.

The most problematical aspect of Pacific's proposal to do all installations involving complex inside wiring on a time-and-materials basis is the potential for disputes, perhaps resulting in formal complaints before us, over the reasonableness of the charges after the work is done. A binding estimate of the maximum charges should, in our opinion, be available to subscribers who want certainty. Giving estimates entails a field inspection and corresponding costs for utilities. Requiring estimates in all instances is too expensive and overkill. A reasonable approach is to have tariffs provide for a written binding estimate of the maximum charges at the subscriber's election, but with a charge for giving such an estimate. We are not certain how the charge should ultimately be set; however, it appears the labor rate for the first 15 minutes (which includes an allowance for travel time) is a logical starting point. Accordingly, we will order Pacific and General to file tariffs providing for a written binding maximum estimate if the subscriber so elects, with the labor rate for the first 15 minutes to apply. These respondents may subsequently seek to change or restructure the estimate charge by an advice letter filing if they think other charges are appropriate.

The other smaller telephone utilities may file tariffs reflecting the installation optional estimate charge applicable for

complex services wiring installation if they elect to do all such installation on a time-and-materials basis. Our primary concern is that Pacific and General, who serve the largest urban areas and most Californians, have consistent rules for complex wiring installation, so we will leave the smaller utilities the choice on how they will do complex services installation work.

VII. THE TREATMENT OF "HOUSE CABLE"

A. Positions of Parties

General proposed including house distribution cable³ for amortization so it can be expensed consistent with the new accounting treatment of ordinary inside wiring. Presently, General and Pacific offer house distribution cable for sale to subscribers if they are going to have nonutility-supplied terminal equipment. House cable is now in rate base. Staff notes that the sales "involve company inspection of the wiring, estimates, arrangement for payment, and other steps"; however, none of General's terms, price parameters, or obligations are in its tariffs. Staff thinks this does not protect subscribers, and they could be subject to different terms and treatment. Finally on this point, staff recommends General's tariff should require notice to subscribers that if they purchase house distribution cable General is no longer responsible for maintenance and repairs. Staff finds General's proposed accounting change for this plant (i.e. expensing it) not carefully thought out, particularly as General did not quantify the value of the plant and the revenue requirement effects of the change (Staff's brief, page 9).

³ This distribution cable is the cable and associated equipment from the point of building entry extending to equipment on connecting arrangement locations within a building. This plant is not part of Account 234, rather it is in an outside plant account, No. 242.1, and is considered an extension of aerial cable. Where house cable ends in the premises ordinary inside wiring begins.

The County of Los Angeles' Department of Communications (LA) opposes General's recommended accounting change, noting that house distribution cable is already in a capital plant account and subject to depreciation. It recommends that this cable which is already in place but no longer "used or useful" by the utility, (because the subscriber has nonutility provided station equipment) should be left and available for the subscriber's "beneficial use" (LA's brief, page 1). But in the alternative, if we decide the cable must be sold in the event it is no longer used and useful, LA recommends we direct its sale on a depreciated basis rather than to assume new or replacement costs as provided by Pacific's Schedule 161-T. This, LA states, will assure an allowance is made for the previous contribution made by this cable-plant to cost recovery through rates.

Pacific differs with General in that it thinks the FCC should initiate any accounting change, and it takes issue with the alternatives proposed by LA.

B. Discussion

While we could direct the accounting change General proposes by directing memoranda accounts, we agree with our staff that the evidentiary record is lacking in terms of a showing on the revenue requirement effect for all utilities, and, more importantly, the need for a change. We will not adopt General's proposal.

VIII. STANDARDS FOR SUBSCRIBER INSTALLATIONS
AND REPAIR OF INSIDE WIRING

A. Overall Standards

As we are allowing subscribers the option of maintaining and repairing inside wiring, we need to adopt some minimal standards applicable throughout California. Pacific's existing Schedule 160-T is a reasonably comprehensive guideline for subscribers installing their own inside wiring. It contains both technical and hardware requirements, as well as precautionary tips for the do-it-yourselfer. Technical standards and regulations for inside wiring

are, under the tariff, available to subscribers from Pacific upon request.

Pacific has concluded that if subscribers follow the installation guidelines in its Schedule 160-T there are minimal hazards; it bases its conclusion on its experience with subscriber installations over about a one-year period (TR Volume 123, pages 13474-5).

Minimum standards for inside wiring are, in our opinion, necessary. The wiring standards portion of Pacific's existing Schedule 160-T can be easily adapted for use by other telephone utilities; therefore, we will adopt it as the standard for all utilities. If subscribers or nonutility vendors do less than adequate additions, repairs, or modifications to inside wiring, the resulting problems may be borne by the telephone utilities and all ratepayers, because costs for the monthly maintenance plan could increase. In short, not adopting some minimal standards, even though they may be difficult to enforce, would be shortsighted.

Accordingly, we will direct all telephone utilities to have tariff requirements which parallel Pacific's Schedule 160-T, and to make the standards available to customers free of charge, as Pacific now does, to subscribers upon request.

Standards for complex inside wiring installation and repair may be more complex and extensive. However, rather than reopen these proceedings for more data and evidence, we will direct the respondent utilities to file a separate schedule with standards, assuming they differ from those for simple wiring, applicable for complex wiring. This can be done by advice letter filings under General Order 96-A, and can reflect any applicable rules and regulations of the FCC.

B. Liability for Damages Caused By
Customer-Provided Inside Wiring

General raises some valid concerns and gives recommendations concerning proposed tariff language on utility liability:

"Paragraph 3d of the (staff's) model tariff provides for (utility) nonliability where voltages or currents are transmitted over utility facilities and 'caused by or not prevented by' customer-provided premises wiring. From a legal point of view General considers that this paragraph is good but not quite broad enough. General would suggest that the phrase 'or when the normal protective functions of utility-provided facilities are interfered with' be added if customers are to be allowed to have access to the protector. It is not inconceivable that customers installing their wiring to the protector could disconnect ground wires or otherwise negate the protective function of a protector.

"General does not object to the installation standards as set forth in the model tariff. However, it would be better from the company's point of view, and a clearer warning to the customers, if a statement in large type were included at the beginning of these standards to the effect that the standards are for general information to the customers only and that additional information may need to be obtained before a customer attempts to install or maintain his own wire. It should also be stated that neither the Public Utilities Commission nor the telephone companies take responsibility for repairs which a customer may do 'following' the instructions included in the tariff."
(General's opening brief, pages 10-11.)

General's recommendations will be adopted. This should also ameliorate the concerns raised by the independent telephone companies about potential liability exposure resulting from subscriber installation or repair of inside wiring.

C. Standard Network Interface

The Standard Network Interface (SNI) is a receptacle which will accept the standard modular plug. It is installed inside the subscriber's premises, as close as possible to the outside drop-box and protector. Pacific will install the SNI for its tariffed rate, which is \$3 if other premises work is being done, and \$19.75 if a

visit is only to install the SNI. Three dollars is the charge for the SNI itself, which, after installation, for practical purposes belongs to the subscriber (TR Volume 123, pages 13513-22). The SNI will accept having a telephone instrument plugged directly into it, which means a subscriber can easily check for trouble in his inside wiring by plugging a telephone in and checking for a dial tone; if there is a dial tone, the trouble is in the inside wiring continuing inward from the SNI. Ultimate widespread use of the SNI has obvious advantages, and we will order all telephone utilities to tariff an SNI and direct its installation in connection with other work. ✓

IX. DEMARCATIION POINT FOR SUBSCRIBER RESPONSIBILITY

There were various positions on exactly where inside wiring begins for purposes of maintenance and repair responsibility. Staff thinks it should always be at the point of the first jack and/or an SNI, if installed, inside the premises; the utilities agree. The Western Burglar and Fire Alarm Association (WBFA), as discussed extensively later in this opinion, strongly disagrees. It thinks the outside protector should be the demarcation point for determining repair and maintenance responsibility. We think a designated demarcation point more flexible than that proposed by staff is needed. We find the demarcation point is on the subscriber's side of the protector, whether it is inside or outside the premises, or at the SNI if one is installed.

We cannot say the demarcation point should always be at the first inside jack, because in many instances the first jack is deep inside the premises compared to where the wiring enters. This could mean, for example, the subscriber would be responsible for only a small percentage of the wiring within his premises. Utilities are anxious for the demarcation point to be outside if there is no SNI, because it eliminates problems they have gaining access to test and

repair. There are too many installation variations to have one simple hard and fast demarcation point. Our approach realistically reflects the variations, and defines a demarcation point which is workable.

X. INSTALLATION OF RJ31X, RJ38X, AND EQUIVALENT JACKS BY ALARM COMPANY INSTALLERS

A. Positions of Parties

WBFA wants telephone utility tariffs changed so installation personnel from licensed alarm companies can install certain jacks; the jacks enable the access line to accommodate automatic dialing equipment necessary to directly transmit a message to police or fire departments (Exhibit 493, page 3).

It is uncontroverted that the jack to facilitate the alarm companies dialing devices customarily goes after or next to the telephone utility's protector outside the premises. WBFA is opposed to staff's proposal to have the demarcation point for customer-owned premises inside wiring be inside the premises, because that would result in the alarm companies' jacks being installed on the utility's wiring. The crux of the problem, from WBFA's view, is that the telephone utilities will not allow alarm installers to put these jacks onto the utilities' wiring; rather, the utilities will, for a charge, install the jacks.

Four representatives from alarm companies testified about the problems resulting from having to rely on utility installation of the jacks. Almost uniformly, they testified about delay, frustration, wasted time for their operations, and hardship to their customers caused by having to rely on utility installations (Exhibits 494, 496, 497, and 498). For example, Jack McAboy, president of KASK Security Systems, testified:

"The problems have been numerous and varied in nature. I will list a few.

- "a. The telephone company has showed up and handed the jack to the customer and told the customer that they didn't know how to install it.
- "b. The telephone company has given the jack to the customer and told them to have the alarm company install it.
- "c. The telephone company has miswired the jack on many occasions.
- "d. The telephone company has not kept many prescheduled appointments.
- "e. The telephone company has not had any jacks to install.
- "f. The telephone company has refused to install the jacks where we requested them to be installed.
- "g. When the telephone company requested us to order all jacks from one phone number regardless of area and when we called that number they didn't even know what the jacks were." (Exhibit 498, page 3.)

The testimony of all WBFA's witnesses illustrates continual long-standing frustration and their deep skepticism about the ability of utilities to install the jacks in a manner which does not run afoul of the alarm industries' operations. The solution, taken from McAboy's testimony, is "take them (utilities) out of the picture and allow the alarm industry to install our own RJ31Xs. I think we care more and have a (sic) more technically competent personnel who actually do the work" (Exhibit 494, page 4).

Pacific, General, and staff do not care if alarm companies install their jacks, so long as they are on the subscriber's side of the SNI (which would be inside the premises). WBFA contends this is not a realistic solution, and its opening brief, pages 7-8, summarizes the practical problems:

- "(1) In the majority of cases, the alarm companies will still be dependent upon the utility to first visit the premises for the purposes of installing the SNI (as opposed to the Alarm Jack). This will result in the

usual ordering problems, delays in installation, and creates another opportunity for installation error. The telephone company is still involved in the process, an involvement that to date has not been adequately performed; and

- "(2) Installation of the SNI causes an overusage of equipment. A comparison of Exhibit 499A to 500A, clearly shows the greater degree of complexity involved with the installation of an Alarm Jack with an SNI and without an SNI. The more equipment that is used, the greater the potential for mistake in installation, wiring problems, equipment malfunction or failure. In addition, the Utilities' proposals assume that the Alarm Jack is installed near the SNI. This is not the usual case, and the necessary wire and connectors to connect an Alarm Jack to the SNI may not be readily available. (Transcript, pages 14751 to 14753).
- "(3) In addition, the use of an SNI enables the Alarm Jack to be disconnected merely by unplugging it from the SNI. This increases the possibility that a customer, telephone installer, or others in the residence can disable or compromise the alarm system either accidentally or deliberately. Wiring the Alarm Jack to the protector, does not eliminate the possibility of compromise, but does reduce it when compared to the installation methods proposed by the utilities."

Pacific contends it is trying to change its practices to alleviate the service problems WBFA complains of. It believes shortening the installation interval from five to two days, plus additional training of its installation force, will solve any problems (Reply Brief, pages 5-6). With respect to WBFA's argument that the protector has already been found by this Commission to be the demarcation point, and that staff and others have no business relitigating the issue, Pacific contends D.93728 identified a demarcation point (the protector) for accounting purposes, but not for maintenance and repair responsibility purposes.

The security of the alarm system will, according to Pacific and General, be no more compromised by the jacks being plugged into the SNI than if they are installed outside near the protector.⁴ Pacific summarizes three reasons why it is in the public interest for the RJ31X, and similar jacks used by the alarm industry, to be plugged inside at the SNI:

- (1) Telephone utilities can test the network from the central office to the SNI to test for trouble on that part of the system.
- (2) If the jacks are on the subscriber's side of the SNI, the subscriber can unplug everything at the SNI and test himself, with a telephone set plugged into the SNI, to determine where trouble exists (i.e. inside wiring, the utility's network, or terminal equipment). Having such capability can, according to Pacific, alleviate many problems that would otherwise cause friction between subscriber and the utility, and reduce utility maintenance work and repair charges to subscribers caused by misdiagnosis of a trouble source.
- (3) The subscriber and his agents (i.e. alarm companies) will not be wiring into the utility's protector. This will prevent the possibility of disrupting phone service to the customer's premises, and mitigate the chance of a three-way dispute between the utility, subscriber, and alarm company on who is responsible for a given malfunction.

Staff essentially agrees with Pacific and General, all of whom concede that there are no FCC rules or regulations which preclude states from allowing the jacks to be installed at the protector by alarm industry installers (Exhibit 493).

⁴ It was strongly implied that there are other and easier ways to circumvent an alarm system even if the jacks are properly installed at the protector; everyone seemed to agree on this, although for obvious reasons the other methods were not developed in a public record (TR Volume 135, pages 14872-4).

B. Discussion

We believe, from the testimony, that the jacks can be installed by licensed alarm company personnel at the protector with about as much likelihood of causing problems for a subscriber's telephone service than if they are installed by utility installation personnel. WBFA has demonstrated prolonged problems and friction, which affect both that industry and subscribers having alarm work done, caused by exclusive utility installation of the jacks. While we would like to share Pacific's optimism that things will get better, the utilities concede that wiring the jacks to the connector is a relatively novel and complex task.

Our greatest concern with WBFA's proposal is the repercussions it could have with the long-term goal of having SNIs installed inside the premises, as near as possible to the outside protector. In the long run, given the move toward terminal equipment deregulation/competition and inside wiring deregulation, we think subscribers will be spared a lot of frustration, confusion, and expense in diagnosing trouble if SNIs are widely used.

We think a reasonable compromise may serve the public interest better than either the WBFA or utility proposals. Licensed alarm companies will be allowed to connect the jacks directly to the utility's protector if, and only if, they install an SNI, of a type approved by telephone utilities, inside the premises as near the outside protector as is reasonably possible. This requirement, granted, may be cumbersome to enforce; however, if it comes to our attention that alarm companies are not abiding by this condition we can, after notice and a hearing in this proceeding, modify the following order to rescind their permission to install the jacks at the protector. Our approach is a means of ensuring SNI devices are installed, and the subscriber will have the capability to test and diagnose trouble. It is also a small price for the alarm industry to pay for the flexibility they seek.

C. Maintenance of Nonutility
Installed Alarm Jacks

General raises concerns about the monthly pay plan covering jacks at the outside protector if they are installed by alarm company personnel. It suggests that jacks installed by alarm companies be repaired by utilities only on a time-and-materials basis, and utilities should approve the jacks installed from the standpoint of quality and design.

As we are requiring SNI devices to be installed if an alarm company installs the jacks, under our adopted definition of the demarcation point for repair responsibility, the demarcation point becomes the SNI; this clearly leaves the RJ31X jack or equivalent on the wiring for which utilities are responsible if it is installed at the outside protector.

In the larger view of things, we expect no more repair problems to exist if the jacks are installed by licensed alarm companies; in fact, given WBFA's testimony, installations by alarm company personnel may result in fewer problems. And, rather than adopt exceptions under the monthly maintenance plan, which can only confuse subscribers, we will direct utilities to maintain the jacks installed by alarm companies. On balance, this approach is easier to administer and for everyone to understand because it is consistent. Otherwise, we can foresee the animosity when a utility repairman arrives and tells the subscriber the utility's records show it did not install the jack and that, accordingly, an additional time-and-materials charge will apply despite the subscriber having made monthly pay plan payments. While General's position is perhaps theoretically correct, we simply think it would make an already potentially confusing set of rules and requirements even more confusing, and for a very small tradeoff in benefit.

Findings of Fact

1. All subscribers are contributing to the 10-year amortization of embedded inside wiring in Account 232; embedded wiring is that installed before November 28, 1981.
2. Subscribers should have the option to be responsible for their own repairs to inside wiring, as they are in the process of essentially buying it through the one time 10-year amortization process.
3. Telephone utilities are in a position to maintain and repair inside wiring because such activity is ancillary to providing access line service, and they have a work force trained to provide such service.
4. Subscriber services having simple inside wiring are those where a maximum of two access lines are provided for a premises.
5. A monthly pay maintenance plan for complex services conditioned on subscribers having station equipment supplied by a utility or an affiliate may potentially give the utility, or its affiliate, as an equipment vendor, a competitive advantage.
6. If subscriber repairs are made to inside wiring serving semi-public coin telephones or party-line service, there is a potential of causing a disruption of service for others if the repairs are improperly done.
7. Small independent telephone utilities (those other than Pacific and General) serve predominantly rural areas, where travel time is a potentially large expense factor in providing inside wiring repair service.
8. Pacific's estimated cost of 35¢ per access line per month for providing repair and maintenance service, for simple wiring subscribers, is reasonable; likewise, its corresponding estimate of 30¢ per month per station for those with complex wiring is reasonable.

9. Pacific's flat \$60 charge per-trouble occurrence to repair simple wiring is reasonable, as is its labor rate for repairing complex wiring on a time-and-materials basis.

10. General has not demonstrated that its proposed charges should be set higher or different from Pacific's

11. If Pacific's estimated savings per month from not maintaining inside wiring (35¢ per access line or 30¢ per station, depending on the characteristics of the wiring) is applied to all other telephone utilities to adjust rates and revenue requirement, the result will not be confiscatory or produce unreasonable rates.

12. Subscribers throughout California who elect to be responsible for their own inside wiring repairs, which include all subscribers served by telephone utilities other than Pacific and General, should have their monthly basic rate per access line reduced by 35¢. This reflects the expense saved by telephone utilities.

13. Pacific's experience with subscribers installing their own inside wiring has shown that such an option approach is workable and not adverse to the public interest.

14. If subscribers who require complex inside wire installation by telephone utilities have the option of receiving a written binding cost estimate, there can be few disputes about the reasonableness of charges after the work is done.

15. House distribution cable is, under the FCC Uniform System of Accounts, an extension of aerial cable or outside plant.

16. If the standards for repairing and installing simple inside wiring set out in staff's model tariff are applied by all telephone utilities, and subscribers are apprised of the standards, there will be few problems caused by inadequate subscriber installations or modifications.

17. Widespread use of an SNI is in the public interest, as it enables do-it-yourself testing of inside wiring and/or station equipment.

18. The designated demarcation point for inside wiring repair and maintenance responsibility should be the utility's outside protector or, if one is installed, the SNI; this reflects the variety of conditions that will exist until SNIs are completely installed.

19. Telephone utility installation of RJ31X and similar jacks used in connection with installing alarm devices has, over a prolonged time, caused considerable disruption and hardship for subscribers and the alarm industry.

20. Installation personnel with licensed alarm companies are equally, if not more, adept at installing RJ31X and comparable jacks as the work force with telephone utilities.

Conclusion of Law

The rates, charges, and conditions of services ordered for the respondent telephone utilities in the following order are just, reasonable, and nondiscriminatory. ✓
✓

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) and the General Telephone Company of California (General) shall file revised tariffs, in conformance with General Order 96-A, within 120 days after the effective date of this order, to be effective 180 days after the effective date of this order, which:

- a. Reflect the inside wiring repair and maintenance options set out in Pacific's proposed plan, but omitting the requirements that subscribers with complex wiring can have the monthly pay plan only if they have utility-supplied station equipment (such subscribers must, however, agree to provide utility access to inventory stations).

- b. Impose rates and charges proposed by Pacific.
- c. Reduce the existing monthly basic access line charge by 35¢ per month when a subscriber elects to maintain and/or repair his own simple inside wiring; and by 30¢ per month per station if the subscriber making this election has complex inside wiring.
- d. Provide that no option exists for subscriber repair or maintenance of inside wiring used to serve semi-public coin telephones or party lines, and no rate reduction is applicable.

2. Pacific and General shall, in connection with their monthly billing, clearly itemize and indicate the election made by the subscriber and the corresponding monthly charge, if any.

3. Pacific and General shall prepare and send to all subscribers, in connection with their monthly billing, a notice fully informing subscribers of their choices for maintaining and repairing inside wiring, and the ramifications for their rates; included shall be a notice of election for the subscriber to return. This notice shall be sent so that it is received by all subscribers no later than 120 days after the effective date of this order. Subscribers who make no election shall be subject to the applicable monthly pay plan. Thereafter, Pacific and General shall resend the bill insert notice and election form at least once annually until further order.

4. Pacific and General may file tariffs, effective when other tariff charges directed by this order become effective, providing that all complex inside wiring installation work will only be done on a time-and-materials basis, but providing an optional binding written estimate for a charge equal to the first 15-minute component of the labor rate for time-and materials repair work. General's labor rates for time-and-materials installation or repair work shall parallel Pacific's.

5. All telephone utilities other than Pacific and General shall file tariffs within 120 days after the effective date of this

order, to be effective 180 days after the effective date of this order, which:

- a. Reduce the basic monthly rate per access line by 35¢;
- b. Provide that all inside wiring repair will be done by these utilities on a time-and-materials basis; and
- c. Have the applicable labor charge reflected in the tariff in 15-minute increments, or structured as Pacific's time-and-materials labor rate.

6. All telephone utilities shall tariff and install a Standard Network Interface (SNI) in connection with any premises wiring or repair activity; if other work is being done by a utility, the subscriber shall only be charged for the hardware cost of the SNI.

7. The minimum standards for subscriber installation, repair, and modification of simple inside wiring set out by the staff in Exhibit 446, and as modified according to General's recommendations adopted in this decision, shall be put in practice by all telephone utilities; this includes making the requirements available to subscribers free of charge upon request. Utilities may propose different standards relating to complex inside wiring by advice letter filings.

8. Alarm companies licensed by the State of California may connect RJ31X, RJ38X, and comparable jacks (as listed in Exhibits 493-498) to the telephone utility's outside protector, so long as the installation meets minimum design criteria of the utility and an SNI is installed simultaneously inside the subscriber's premises as near as practicable to the outside protector. All telephone utilities shall change these practices, as applicable, to comply with this order within 60 days. Once the jack is installed, regardless of whether by a utility or a licensed alarm company, the jack shall be maintained by the telephone utility with no additional charge on top of the applicable repair plan option elected by the subscriber.

9. Neither Pacific nor General shall assess charges to bring nonstandard inside wiring up to standard in connection with doing inside wiring repairs for subscribers covered under the monthly pay plan option.

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

11. OII 84 is discontinued and A.82-10-23, to the extent not granted by this order, is dismissed.

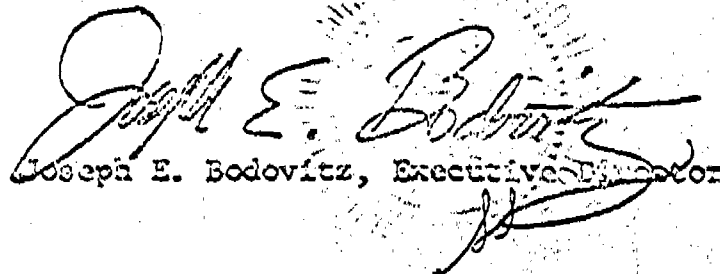
12. Pacific's petition filed September 2, 1983 to withdraw without prejudice A.82-10-23 and for dismissal without prejudice as a respondent in OII 84-Phase II is denied. ✓

This order becomes effective 30 days from today. ✓

Dated January 5, 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President
VICTOR CALVO
PRISCILLA C. GREW
DONALD VIAL
WILLIAM T. BAGLEY
Commissioners

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


Joseph E. Bodovitz, Executive Director

APPENDIX A

SECTION 2

TERMS AND CONDITIONS FOR
SIMPLE RESIDENCE AND BUSINESS SERVICES

2.0 INTRODUCTION

Pacific Telephone's plan for maintenance and installation of inside wire will continue to apply Multi-Element Service Connection Charges to new installations, as well as moves and changes. However, the maintenance of inside wire for Simple services will be offered to customers on an Optional Monthly Charge Plan (OMCP) or on a per Trouble Occurrence Charge Plan (TOCP).

2.1 OPTIONAL MONTHLY CHARGE PLAN (OMCP)

The OMCP will apply on a per exchange access line basis, and will provide for maintenance of all inside wire at a premises. The inside wiring may be Utility provided or customer provided. Inside wiring must conform to Special Conditions as outlined in Schedule CAL PUC No. 160-T to qualify for the plan. Where a premises has more than one exchange access line and the customer elects the OMCP, one OMCP charge will apply to each access line. The OMCP would also apply to two-party lines and suburban services.

APPENDIX A

If the CPIW for individual line service has not been properly installed, the Utility will not provide maintenance under the OMCP. If the customer wishes to repair the wire or employ an outside firm to repair the inside wire, the Utility will apply a Maintenance of Service Charge if a visit was made which identified the trouble. If the customer wishes the Utility to repair the improperly installed CPIW, the Utility will replace the CPIW. Any work done by the Utility to replace the CPIW will be billed the Multi-Element Service Connection Charges applicable to the work performed.

2.2 TROUBLE OCCURRENCE CHARGE PLAN (TOCP)

If a customer decides not to subscribe to OMCP, other options are available for inside wire maintenance.

One of these options is the Trouble Occurrence Charge Plan (TOCP), wherein a flat nonrecurring charge per maintenance visit applies when the Utility makes a repair call. The TOCP covers any inside wire trouble occurrence, Utility or CPIW, associated with individual line service at a premises.

Another customer option is to repair the inside wire

APPENDIX A

themselves by use of Customer Convenience Products from Pacific or wire products from other readily available sources. If such does not meet the customers objectives, inside wiring repair may be performed by a contractor of the customers choice.

2.3 PROCEDURE

When a customer calls to report a service problem, the request for repair will be accepted by the Centralized Repair Service Attendant. If the customer subscribes to the OMCP, the call will be handled as it is done today. If the USOC designating OMCP is not on the record, the customer will be informed that there will be a one time charge if Pacific responds to and repairs the trouble.

2.4 LIMITED THIRTY DAY REPAIR WARRANTY

2.4.1 Coverage

The Utility will provide a limited warranty for repairs, including parts and workmanship, it has made to the premises inside wiring against covered defects and malfunctions for a period of thirty days from the date of

APPENDIX A

repair. If there is a defect or malfunction in the inside wire that is covered, the Utility will, at its option, either repair or replace this wiring at no charge to the customer.

2.4.2 Customer's Responsibility

To obtain warranty covered repair service, the customer must report the trouble within the 30 day warranty period to qualify for warranty repair.

2.5 TARIFF REVISIONS

2.5.1 Proposed revisions to schedule CAL PUC No. 160-T reflecting the charge treatments required to implement both the monthly recurring (OMCP) and the flat rate charge (TOCP) arrangements are contained in Section 8 of this plan.

2.5.2 Corollary revisions to other tariff schedules, principally to Schedule CAL PUC Nos. 28-T and 32-T may be required to reflect the change in treatment of inside wire.

APPENDIX A

2.6 APPLICATION OF CHARGE TREATMENT FOR MAINTENANCE

2.6.1 To insure initial maintenance coverage, Pacific proposes that all Simple Residence and Business customers be billed the monthly recurring maintenance charge on the effective date of the tariff.

2.6.2 Prior to the first month the maintenance charge is in effect, bill inserts will be sent to all subscribers detailing the charge. Also described in the insert will be a procedure which the customer may use to discontinue the monthly maintenance plan. We propose a 90 day period for customers to discontinue this plan without paying any monthly charges. During this period, we will credit any monies collected back to the customer if the plan is not retained.

If a customer wishes to discontinue the OMCP after the initial 90 day period, the billing for the OMCP will be stopped on the day the request is received by the Utility.

2.6.3 If a customer has discontinued the OMCP and wishes to re-subscribe, the Utility will accept the order from the customer to make the inside wire eligible for coverage under the plan. Coverage will be effective 30 days from

APPENDIX A

the date the order to resubscribe is received. A
Multi-Element service order charge for record work will
apply.

APPENDIX A

SECTION 3

IMPLEMENTATION - OPERATIONS FOR SIMPLE
RESIDENCE AND BUSINESS SERVICES

3.0 INTRODUCTION

This section discusses maintenance and installation procedures, customer billing activities, and implementation of the Inside Wire Maintenance and Installation Plan for Simple Residence and Business Services.

3.1 Maintenance Procedures

Maintenance procedures are discussed below in the following categories:

- Centralized Repair Service Attendant Bureau
- Automated Repair Service Bureau/Maintenance Center
- Repair Technician

Centralized Repair Service Attendant Bureau (CRSAB)

3.1.1 The Repair Service Attendant in the CRSAB does not have

APPENDIX A

the capability of sectionalizing customer reported trouble to inside wiring. Trouble determined not to be station set trouble will be offered an appropriate repair appointment and a "can be reached number" will be obtained.

3.1.2 Automated Repair Service Bureau Procedures (ARSB)

Upon receipt of a trouble report, the Automated Repair Service Bureau, will determine if the customer has the OMCP option for maintenance of inside wiring. If the OMCP option is present, the report will be handled in the same manner as we do today.

If the OMCP option does not appear, the Utility will contact the customer. If the customer wants Pacific to handle further, Pacific will advise the customer of the following:

- A. The amount of the per Trouble Occurrence Charge (TOCP) if the customer chooses to have the inside wire repaired by Pacific.
- B. The amount of the Maintenance of Service Charge if Pacific isolates the trouble to the inside wire

APPENDIX A

and the customer subsequently chooses not to have it repaired by Pacific.

3.1.2 When the repair technician is dispatched and the trouble is in the inside wire, the following applies:

A. If the customer has the OMCP maintenance agreement in effect and the technician repairs inside wire, the report will be closed out in the same manner as we do today.

B. If the customer does not have the OMCP maintenance agreement, the repair technician will offer the customer the following:

1. Technician will repair inside wire for the TOCP charge, or

2. Customers can arrange for repair of inside wire themselves, but would still incur the Maintenance of Service Charge.

3.1.4 Record of Warranty

Record of customer warranty will be maintained by

APPENDIX A

Pacific in the trouble report data base.

3.1.5 Maintenance Performed During Installation Visits

If during an installation visit on existing service, a request is made to repair inside wire, the customer's records must be checked to verify that the customer has the OMCP for maintenance. If the customer does not have OMCP, then they must be informed of the maintenance options. If the customer agrees to the Utility doing the maintenance work under the per Trouble Occurrence Charge (TOCP), the per occasion charge will be applied.

If an installation technician is installing a new service and the customer requests that an existing connecting block (not working) be activated, the technician will follow the modularity procedures and existing Multi-Element Service Connection charges will apply as appropriate.

3.2 Billing

Pacific proposes on the tariff effective date, existing customers will automatically be covered and billed according to the Optional Monthly Charge Plan (OMCP).

APPENDIX A

3.2.1 Other Charges & Credits

An Other Charges and Credit Statement (OC&C) will be included with the bill to identify the prorated charge for the Optional Monthly Charge Plan.

3.2.2 Processing Requests for Removal of OMCP

Customers may call the RSC/BSC requesting removal of the OMCP. The charges will stop as of the date requested. This will also apply to requests received in the PhoneCenter Store.

The subsequent bill following the removal of the OMCP will include an OC&C entry identifying the decrease in the monthly rate.

3.2.3 New Installation and Transfer of Service (T&F)

The service representative will advise customers of their options for maintenance of inside wire on all negotiations for new or transfer of service.

APPENDIX A

3.2.4 Billing for Trouble Occurrence Charge Plan (TOCP)

Service Representatives will prepare an order memo for each account to be billed the per Trouble Occurrence Charge Plan (TOCP) after the trouble is repaired. The "as-of-date" for warranty purposes will be the day the repair charge was incurred. The subsequent bill will reflect an OC&C entry with the date, charge and its description.

3.2.5 Establishing an OMCP

Customers who previously declined the Company's OMCP option may request reinstatement. Contact personnel will explain the OMCP plan and quote the charges, including a service order charge (*M2). The customer will be advised that the plan will be effective 30 days following the request. Furthermore, customers will be advised that any visits required to be made to repair inside wire by Pacific prior to the effective date, would be subject to the TOCP charge.

3.3 Implementation

Pacific estimates 120 days preparation time prior to

APPENDIX A

implementation of it's plan for inside wire maintenance and installation. Preparation time is needed to develop methods and procedures, reference material and training. This will also provide the necessary time for customer notification.

APPENDIX A

SECTION 4

TERMS AND CONDITIONS

COMPLEX BUSINESS AND RESIDENCE SERVICES

4.0 INTRODUCTION

It is Pacific Telephone's intent to continue to provide intrasystem wire services (i.e., maintenance, installation, rearrangements, moves and changes) to customers with complex services. In order to treat all customers in a non-discriminatory manner and to charge each customer commensurate with our costs we are recommending a new charge option for intrasystem wire services. These options will be available whether or not the wire was installed by Pacific.

4.1 OPTIONAL MONTHLY WIRE MAINTENANCE PLAN

The Optional Wire Maintenance Plan provides coverage at a monthly rate for maintenance of Company-provided or customer-provided premises wire used with Utility-provided station or terminal equipment. The monthly rate is the same for all types of wire and applies for all Company provided terminals on a per station basis.

APPENDIX A

It is our intent that all eligible business customers in service prior to the time the plan becomes effective will be notified of the new maintenance plan, and be informed that the Optional Wire Maintenance Plan will be automatically applied. If the customer wishes to discontinue the Optional Wire Maintenance Plan, Pacific must be notified. If the customer cancels the Optional Wire Maintenance Plan, a Time and Material charge plan is proposed by Pacific as an option for inside wire maintenance. Customers may elect to repair inside wire or contract with a third party for inside wire maintenance.

4.1.1 A customer may subscribe to the Optional Wire Maintenance Plan subject to the following conditions:

4.1.1.1 Existing inside wire meets the installation standards as set forth in the FCC Rules and Regulations Part 68.

4.1.1.2 If the customer elects the monthly recurring option, all complex business inside wire used to serve Company provided station or terminal equipment at a customer's premises must be included in the plan.

APPENDIX A

4.1.1.3 The Optional Wire Maintenance Plan will be billed monthly until the Company is otherwise directed by the customer. Should the customer discontinue the plan, coverage will lapse on the date of notification. Should the customer wish to resubscribe, the coverage will start 30 days after acceptance by the Company. A Multi-Element Service Order charge for record work will apply.

4.1.2 Exclusions from Optional Wire Maintenance Plan

The following are excluded from coverage under the Optional Wire Maintenance Plan:

- 4.1.2.1 Wire damage due to fire, acts of God such as flood and earthquake, riot, acts of war, gross negligence, willful damage and vandalism.
- 4.1.2.2 Aerial or buried cable between buildings on continuous property.
- 4.1.2.3 Inside wire used to connect customer provided station or terminal equipment.

APPENDIX A

4.1.2.4 Damage resulting from customer initiated installation or rearrangement activity.

4.2 TIME AND MATERIAL CHARGE PLAN

Customer contact employees will be instructed to inform customers that for intrasystem wire installation and rearrangement activities, work will be provided on a Time and Material basis only. Customers will be quoted the labor rate for billable work and will be informed of material billing. If the customer requests further information, the contact employee will provide the customer with an estimate of the time and materials normally required to complete the type of work requested. If the customer requests a firm price, the request will be turned over to a field estimator who will provide a Firm Bid. If the customer accepts the Firm Bid, they will sign a contract and the work will be performed for the Firm Bid price.

4.2.1 General Terms and Conditions

4.2.1.1 Time and Material (T&M) Charges are based on the cost of labor and the wire, cable and miscellaneous materials used to complete inside

APPENDIX A

wiring including amounts to cover Service Order related expenses.

4.2.1.2 T&M Charges apply to all customer-requested installations, moves, changes, rearrangements, replacements and maintenance of inside wire performed by Pacific excluding 4.2.2 following.

4.2.1.3 T&M Charges apply separately for each service when billable premises work is performed on inside wire.

4.2.1.4 The customer may request an estimate or a Firm Bid before ordering work done. When a T&M estimate is provided, the estimate is not binding on the Company. The charge to be billed will be based on the actual time and material used.

4.2.1.5 When a Firm Bid is provided at customer request, the charge to be billed is the amount quoted to the customer for work requested.

4.2.1.6 When Company labor is expended at customer request to perform trouble detection in

APPENDIX A

premises equipment, and it is determined that inside wire is the source of the trouble but the customer fails to order inside wire repairs, T&M charges will apply for the time expended for making the service call in lieu of the Maintenance of Service Charge.

4.2.1.7 Pacific will allow the customer to use or alter inside wire, whether C.P.I.W. or Utility provided.

4.2.1.8 Inside wiring work performed under the T&M Plan is covered by the warranty provisions contained in 4.3 following.

4.2.1.9 Pacific will allow a mix of Pacific provided wire and customer provided wire, and will offer wire as a stand alone item.

4.2.2 Exclusions from T&M Charges

T&M Charges do not apply to the following:

4.2.2.1 Premises work required to establish or

APPENDIX A

re-establish network access to the Pacific provided network interface.

4.2.2.2 Installation of wiring charged for in the rates for the common equipment of a system. This is included in the capitalized investment for the system.

4.2.2.3 Repair or replacement of inside wire done under the provisions of Pacific's warranties.

4.2.2.4 Repair of inside wire done under the maintenance option described in 4.1.

4.3 LIMITED THIRTY DAY INSTALLATION WARRANTY

4.3.1 Coverage

Pacific will provide a limited warranty for the inside wire that it has installed for a period of thirty days. If there is a covered defect or malfunction, Pacific will, at its option, either repair or replace the wiring at no charge to the customer.

APPENDIX A

4.3.3 Customer's Responsibility

To obtain repair service, the customer must report the trouble to Pacific within the warranty period.

4.4 LIMITED THIRTY DAY REPAIR WARRANTY

4.4.1 Coverage

Pacific will provide a limited warranty for repairs, including parts and workmanship, it has made to the inside wiring against covered defects and malfunctions for a period of thirty days from the date of repair. If there is a covered defect or malfunction in the repairs, Pacific will, at its option, either repair or replace this wiring at no charge to the customer.

4.4.3 Customer's Responsibility

To obtain repair service, the customer must report the trouble to Pacific within the warranty period.

APPENDIX A

SECTION 5

IMPLEMENTATION - OPERATIONS FOR
COMPLEX SERVICES

5.0 INTRODUCTION

This section discusses the maintenance and installation procedures, customer billing activities and implementation plans associated with inside wire for Complex Residence and Business Services.

5.1 Maintenance Options

Customers will have three options available to them for repair of inside wire. They are the Optional Wire Maintenance Plan, Time and Materials Charge Plan and non-utility provided maintenance.

APPENDIX A

5.1.1 Optional Wire Maintenance Plan

It is Pacific's intent that all eligible business customers be notified of the new maintenance plan and informed that the Optional Wire Maintenance Plan would be automatically applied. The customer would pay a recurring charge to cover repairs needed on inside wire associated with Company provided terminal equipment. If the customer wishes to discontinue the Optional Wire Maintenance Plan, Pacific must be notified and the T&M Charge Plan would be available for inside wire repair work required of Pacific.

5.1.1.1 Trouble Report - Customer Has Optional Wire Maintenance Plan

In this situation the repair call would be handled in the same manner as today.

APPENDIX A

5.1.2 Time And Material Maintenance

In those cases where the customer elects not to have the Optional Wire Maintenance Plan, all requested inside wire repair would be performed on a T&M Charge Plan basis. Consequently, the time spent testing and isolating a trouble condition on the customer's premises would be billed only when such time can be attributed solely to a case of inside wire trouble. In cases where testing and trouble isolation time results in the correction of wire and non-wire troubles, the customer would be billed only for the time spent correcting the inside wire trouble.

5.1.2.1 Trouble Report - Without Wire Maintenance Plan

Following a customer call to Repair and upon verification that the Optional Wire Maintenance Plan is not in effect, the T&M repair policy would be explained. Upon customer request, a repair technician would be dispatched. If the trouble condition is isolated to inside wire, the technician would advise the

APPENDIX A

customer and give an estimate to repair the inside wire. If the customer directs the technician not to fix the wire, he/she would be billed for the time spent testing at the customer's premises and isolating the trouble. If the customer directs the technician to proceed and all time at the customer's premises had been associated with clearing the wiring trouble, the technician would use the time of arrival as the starting time for the billable work. If the technician repairs non-wire trouble on the customer's premises in addition to clearing the wire trouble, the time that the wire trouble was identified would be used as the start time for billing. The end of the billable time period would be the time when the inside wire trouble was repaired. The technician would prepare a Work Invoice to be presented to the customer for signature. One copy of the Work Invoice will be left with the customer.

APPENDIX A

5.2 Requests By Customer For Installation Work (T&M) During A Repair Visit

During a repair visit the customer may request work normally completed by installation forces. If the request can be completed without jeopardizing the repair workload, the repair technician would honor the request. The technician would inform the customer that time spent preparing the installation estimate would be billed even if the estimate is refused. If the customer accepts the estimate, the work would be completed and the customer billed via the T&M Charge Plan.

5.3 Customer Requests Installation

If the customer initiates a request for installation work involving complex system inside wiring he/she would be advised that inside wire work would be provided on a T&M basis. The customer would be quoted the incremental rate for billable inside wire work and informed of material billing. If this is satisfactory to the customer, the service order would be issued.

APPENDIX A

5.3.1 Installation - Premises Work

If the service order indicates that the customer did not request an estimate, the technician would perform a survey of the wiring portion of the job, complete all inside wiring work and record the time expended and material used.

5.4 Customer Requests Installation Estimate

If the customer requests more information concerning the cost for inside wire work, the contact employee would provide the customer with an estimate of billable time normally required to complete the type of work being requested and an estimated material cost. The customer would be advised that the final billing would be based on actual time and material spent. If this is satisfactory, the service order would be issued.

APPENDIX A

5.5. Customer Requests Firm Bid

If the customer has been given an estimate of billable wire cost, and is not satisfied, the customer may request a firm price for the inside wiring work. The contact employee would advise the customer that a Field Estimator would contact the customer and arrange for the Firm Bid.

5.5.1 Field Estimator Responsibilities

The Estimator would perform a field survey of the job, if required, and complete the field survey form. The Estimator would then review that portion of the field survey that pertains to billable inside wire work with the customer. If customer agreement is reached, the customer and the Estimator would sign the Firm Bid Agreement form. In cases where a Firm Bid is made without a visit, the technician would request the customer's signature before beginning the wiring work.

APPENDIX A

5.5.2 Customer Requests Changes from Original Job Plan

If the customer requests the technician to make changes in the agreed upon job plan, the customer would be informed that the work shown on the service order must be completed as originally agreed upon for the Firm Bid to remain applicable. The technician would advise the customer that several options are available to cover the requested changes. These options are:

- (1) The requested changes could be performed while the technician is on the premises but would be billed separately based on time and material. (Follow procedures described in 5.3.1.)
- (2) The requested changes could be covered by a second Firm Bid. (Follow procedures described in 5.5.1.)

APPENDIX A

- (3) The entire job could be renegotiated under a Firm Bid Agreement. In this case the technician cannot complete the original job until a new Firm Bid has been negotiated.
(Follow procedures described in 5.5.1.)

- (4) The entire job could be undertaken under T&M, which will void the original Firm Bid Agreement. - (Follow procedures described in 5.3.1.)

5.7. Service Orders With No Inside Wire Work

A customer may place an installation service request that does not include inside wire work. During the process of completing the work, if the customer requests the technician to perform inside wire work, the technician would proceed as follows:

- (1) Advise the customer that T&M would apply, including the time required to perform the estimate.

- (2) Survey and advise the customer of the estimated T&M required.

APPENDIX A

If the estimate is satisfactory, the technician would complete the work, prepare the Work Invoice and present the invoice to the customer for signature, leaving one copy with the customer.

5.8 Limited Thirty Day Warranty

The proposed tariff provides for a 30 day limited warranty on work performed on a T&M basis. The customer's retained copy of the Work Invoice and/or Firm Bid Agreement would be the primary record of such a warranty.

5.9 Preparation And Implementation Time

Pacific estimates 120 days preparation time prior to implementation of its plan for installation and maintenance of Complex Residence and Business inside wire. Preparation time is needed to develop methods and procedures, reference and training material and complete employee training.

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

OII 81
(Filed August 19, 1980)

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

OII 84
(Filed December 2, 1980)

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY for authority to increase and reduce certain intrastate rates and charges and establish certain new rates applicable to telephone services furnished within the State of California.

Application 82-10-23
(Filed October 12, 1982)

(See Decisions 93367, 93728, and 82-08-017)

Our extending these options is consistent with the overall move throughout the nation to deregulate and to otherwise provide subscribers choices in the telecommunications field. Further, it is consistent with our decision of about two years ago to require all subscribers to pay off previously capitalized or embedded inside wiring over 10 years; subscribers are, essentially, under that decision now buying all embedded inside wiring. Thus, we think it is only fair they have some choices.

This decision addresses other less sweeping issues, pertaining primarily to specialized wiring installation matters.

II. HISTORY OF PROCEEDINGS

We initiated Order Instituting Investigation (OII) 84 on December 2, 1980, with all local exchange wireline telephone utilities as respondents, to consider whether the then traditional accounting and ratemaking treatment of telephone station connections and related services should be modified. Initially, the impetus for OII 84 was the Federal Communications Commission's (FCC) pending *ratemaking* concerning possibly expensing station connections, instead of continuing the traditional capitalization.

The particular portion of what are termed "station connections" (Account 232, under the FCC's Uniform System of Accounts) covered by our investigation is "inside wiring". This, for accounting purposes, is the wiring within a customer's premises stemming from his side of the utility's protector.

OII 84 listed a number of issues to be addressed and resolved. They were segregated into two broad categories: (1) station connection accounting/ratemaking and (2) customer ownership of premise wiring or deregulation. The first category of issues was addressed by our Decision (D.) 93728 on November 13, 1981, as modified by D.83-01-100, which denied rehearing. Phase II of OII 84, covering customer ownership issues, has been to hearing, briefs have been filed, and is the subject of this opinion. The

18. The designated demarcation point for inside wiring repair and maintenance responsibility should be the utility's outside protector or, if one is installed, the SNI; this reflects the variety of conditions that will exist until SNIs are completely installed.

19. Telephone utility installation of RJ31X and similar jacks used in connection with installing alarm devices has, over a prolonged time, caused considerable disruption and hardship for subscribers and the alarm industry.

20. Installation personnel with licensed alarm companies are equally, if not more, adept at installing RJ31X and comparable jacks as the work force with telephone utilities.

Conclusions of Law

1. The rates, charges, and conditions of services ordered for the respondent telephone utilities in the following order are just, reasonable, and nondiscriminatory.

~~2. The following order should be effective today so that the respondent utilities can expeditiously begin to take the steps necessary to smoothly and fully implement the changes ordered within six months.~~

O R D E R

IT IS ORDERED that:

1. The Pacific Telephone and Telegraph Company (Pacific) and the General Telephone Company of California (General) shall file revised tariffs, in conformance with General Order 96-A, within 120 days after the effective date of this order, to be effective 180 days after the effective date of this order, which:

- a. Reflect the inside wiring repair and maintenance options set out in Pacific's proposed plan, but omitting the requirements that subscribers with complex wiring can have the monthly pay plan only if they have utility-supplied station equipment (such subscribers must, however, agree to provide utility access to inventory stations).

9. Neither Pacific nor General shall assess charges to bring nonstandard inside wiring up to standard in connection with doing inside wiring repairs for subscribers covered under the monthly pay plan option.

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

11. OII 84 is discontinued and A.82-10-23, to the extent not granted by this order, is dismissed.

12. Pacific's petition filed September 2, 1983 to withdraw without prejudice A.82-12-23 and for dismissal without prejudice as a respondent in OII 84-Phase II is denied.

becomes
This order *30 days from today, Kk* is effective today.

Dated JAN 5 1984, at San Francisco, California.

LEONARD M. GRIMES, JR.
President

VICTOR CALVO

PRISCILLA C. CREW

DONALD VIAL

WILLIAM T. BAGLEY

Commissioners