ORIGINAL

Decision No. 88465 FEB 7 1978

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a corporation for a tariff for 770A Package II Dial Private Branch Exchange Service.

Application No. 55276 (Filed October 29, 1974)

Application of THE PACIFIC TELEPHONE
AND TELEGRAPH COMPANY, a corporation,
for authority to carry out the terms
and conditions of agreements with
certain customers covering the offering)
of 770A Dial Private Branch Exchange
Service.

Application No. 54881 (Filed May 16, 1974)

CONSUMERS LOBBY AGAINST MONOPOLIES, DAVID L. WILNER, In Pro Per,

Complainant,

VS.

THE PACIFIC TELEPHONE & TELEGRAPH COMPANY, a corporation,

Defendant.

Investigation on the Commission's own motion into the rates, rules, charges, operations, practices, contracts, services, and facilities of THE PACIFIC TELEPHONE AND TELEGRAPH COMPANY, a California corporation, as such relate to the 770A Dial PBX System.

Case No. 9794 (Filed September 23, 1974)

Case No. 9838 (Filed December 10, 1974)

Roger P. Downes, Attorney at Law, for The Pacific Company, applicant in . soome A155276 and A. 54881, defendant in C. 9794, and respondent in C.9838.

David Wilner, for National Semiconductor, Langley-Misselen Porter Institute, Independent Journal Newspaper, Enviro tech Corporation, Consumers Lobby Against Monopolies, and Rayne Communications perotestants in A.55276 and A.54881, complainant in C.9794, and interested parties in C.9838.

Joel Effron, for Scott-Buttner, Communications, Inc., Sec. intervenor.

Richard B. Fuller, for Moore Business Forms, Inc.; Pacific Division; Roger L. Mosher, for Rolen Business Corporation; Otha P. Rice, Jr., for O'Brien, Rice, Quam & Associates; and Allen B. Wagner, Attorney at Law, for Regents of the University of California; to interested parties.

Ira R. Alderson, Jr., Attorney at Law, Ermet Macario, and Steven Peopler, for the Commission staff. Holy for Mandel concerns the sillened fallume to displace a protect with the

TO SEE THE REPORT OF A CARROLL AND A REPORT OF THE RESIDENCE AND A RESIDENCE

The Cases of the C Package II 770A service. A prehearing conference was held in that matter on July 3, 1974. On July 16, 1974, by Interim Decision and Order No. 83158, The Pacific Telephone and Telegraph Company (Pacific) was authorized to carry out the terms and conditions of such contracts and to give certain notification to its customers, the protestant, and the Commission staff at samplings of

end reduced Application No. 55276 is Pacific's application for an initial tariff for Package II 770A service. As originally filed, the proposed rates would have produced approximately \$800,000 per

¹⁷ The 770A is a type of electro-mechanical Private Branch Exchange (23X) equipment manufactured by the Western Electric Company and supplied to California customers by applicant, The Pacific Telephone and Telegraph Company, end or solvess to scolorabase basis angers

year of revenue in addition to that generated by existing contract prices. On November 21, 1974, by Interim Decision No. 83761, we authorized Pacific's requested rates, subject to refund and further hearings.

- LE TO 3787213

On February 13, 1976, Pacific filed an amended application seeking a further increase based upon more recent cost studies reflecting past and foreseeable inflationary factors. The amendment sought an additional \$788,600 in annual revenues. Package I customers would pay an average 17.4 percent more than the interim rates. Package II customers would find their rates increased by about 11.8 percent.

The complaint in Case No. 9794 asserted that there were several major defects in a previous advice letter concerning this service (A.L. No. 11372 filed August 13, 1974). The principal issue concerns the alleged failure to disclose a proposed increase in rates.

On December 10, 1974, we opened an investigation (Case No. 9838) in to all matters concerning the 770A. On the same days we ordered the consolidation of these related proceedings for hearing. Hearings commenced before Administrative Law Judge John C. Gilman on May 1, 1975 and continued from time to time for 17 days of hearing through October 14, 1976. Oral argument was heard on October 29, 1976 in San Francisco Pass Passacration Committee Comm ් වැට දැන්න දෙන්ත් වීමුව ද යන්න ජන විසා වෙන වෙනු වෙන වෙනුව නව එම ජන්ත්වෙන්න මෙන්න්න් ද

The Parties

The applicant is a telephone corporation providing exchange, private line, mobile, and other communication services within the State of California. Pacific is one of the operating telephone companies which comprise the Bell System. The American Telephone and Telegraph Company (American Telephone) owns approximately 89 percent of the common stock of Pacafic and completely owns the Western Electric Company, manufactures of the 770A. Pacific's rates, terms, and conditions of service to the public (including the 770A) are subject to the jurisdiction of the Commission.

Complainant/protestant David L. Wilner is the solerny proprietor of Rayne Communications, a communications consulting firm. In an additional capacity, Mr. Wilner also appeared in these matters representing Consumers Lobby Against Monopolies (Consumers Lobby).

Scott-Buttner Communications, Inc. (Scott-Buttner) is an unregulated supplier of PBX equipment. It is one of several such companies which provide PBX equipment in competition with Pacific's 770A in the California market.

History

Pacific has been providing PBX service in California since well before World War II. Such service in those days was normally provided by bulky, slow, and mechanical step-by-step switching equipment. PBX services in this period were exclusively offered by regulated telephone companies under rates, terms, land conditions of service prescribed by the companies tariffs, subject to regulation by the Commission. During the 50 sand 60 scas switching technology advanced, Pacific began offering cross-bar and electronic PBXs to Its California market.

In 1968, the Federal Communications Commission (FCC) announced its decision in <u>Carterfone</u>, 13 F.C.C. 2d 420. While the facts and circumstances of that case are not material here, the result of the decision was a substantial growth in the number of customer-owned devices connected to the switched network of the nation's telephone companies. What was formerly a nearly exclusive market for regulated utility PBXs became in the years immediately following <u>Carterfone</u>, an increasingly competitive market in which

unregulated suppliers offer pricing, service, and ownership alternatives to the regulated telephone company's PBX services. There has also been an acceleration of technical change.

Just prior to the introduction of the 770A PBX, the California Supreme Court issued an opinion which mandated fundamental changes in this Commission's response to issues involving competition and public utilities. (Northern California Power Agency v Public Utilities Commission (1971) 5 Cal 3d 370.)

4.58278.60 414 ...

That appeal was from a Commission decision granting Pacific Gas and Electric Company (PG&E) a certificate to construct a geothermal generating plant in the Geysers area. The plaintiff was a joint powers agency composed of 11 cities which owned and operated municipal public electrical systems. NCPA had attempted to compete with PG&E in acquiring steam rights in order to generate its own geothermal power. After failing to do so, it appeared before the Commission in the certificate proceeding, arguing that the contracts PG&E had used to acquire the steam rights violated federal and state antitrust law. The Commission granted the certificate,

^{2/} As we noted in Decision No. 85791, the market share of Pacific has declined significantly.

	229 238 3	Interconnect	and the second s	Pacific
Year End_	Customer PBXs _	Market Share (%)	Pacific PBXs	Market Share (%)
1970	* ************************** **********	and the second s	8 ,010 %	99-3
1971 1972	537	3.7 00	8;297xo.c.	94.1

By 1976 Pacific's share had declined to approximately 86 percent.

finding that there was no need to consider NCPA's arguments. The Court, however, reversed; it held even though the Commission was not specifically bound by the dictates of the antitrust statutes, that the basic economic concepts underlying that body of law were important components of the public interest. Consequently, the Court held that the Commission was obliged to make findings, draw conclusions, and weigh competitive considerations against other elements of the public interests.

The Commission argued that it had not been provided with the necessary expertise to perform the functions sought by NCPA. The Court brusquely rejected this contention, the opinion indicated that the Court would expect the Commission to be at least as competent in this area as its federal counterparts and remarked that it it lacked the necessary expertise that the Commission was under an unqualified duty to obtain it.

The Commission claimed that NCPA's standing was clouded by the lack of a definite plan to build a geothermal plants. The Court also rejected that theory; it held that the Commission; even in the absence of any protests was required to considers competitive problems on its own motion.

Consequently, the most significant events in this consequently, the most significant events in this consequently, the most significant events in this can proceeding occurred during a period in which unparalleled technological change in the structure of the marketplace; and in the law of regulation all coincided.

For both this utility and the regulators, the transition was neither instantaneous nor uniformly appropriate Each responded to novel problems with actions which were acceptable or even commendable under previous standards but which were nevertheless not fully responsive to the new problems.

ල පටය වැඩ සහවධානු සංවලය විදුලද වස සහසු යුත්වෙල් වේස්ස් ලස්ථානයේදී For example, the Commission staff entered this era confident that its primary responsibility was to keep utility rates low. It found itself having to invent, ad hoc new procedures to prevent a utility from offering services at assertedly insufficient prices. Likewise, the utility entered the era with a service-type tariff structure for PBXs, (the so-called "series" rates). Under this system, each customer receiving similar services would pay the same rate regardless of the type of switching equipment used to provide the service. While individuals within the utility quickly recognized that such a rate pattern would be difficult to defend in litigation with a competitor, it took some time before the company actually made the transition to a type of rate in which individual prices of PBX equipment were separately priced. type of rate structure is referred to as, a hardware rate.

Faced with a competitive change in marked circumstances, Pacific introduced the 770A Package I in the year 1972. This new cross-bar PBX was developed and produced by the Western Electric Company in response to the needs of the operating telephone companies of the Bell System. Competitors claim that it is basically a copy of products offered by them. The modular and cabinetized 770A was an improvement over much of Pacific's then existing product line and as such was a significant factor in the developing competitive market. Pacific sought to introduce Package II (equivalent to 300 series features) later in 1972. D<u>iscussion</u> లే - ఎం గత్వర్యం - ఎమ్మం కెమ్మంకు కుండా - రాండా ఆడికా ఉందిన కాటుందిని స్వారం దేశాడ్యం - రివ్రాల

The soft. Rates plant to low modification with a soft conducting in which you Pacific seeks its first permanent tariff for the Package II 770A system in this proceeding. The positions of the parties on the permanent price level for the service have varied widely. The nonregulated participant urges a higher rate than sought by the utility. The consumer advocate/communications consultant and the staff have avoided taking a position, while certain customers have opposed the permanent rate levels and suggested reductions. Pacific has produced a cost study on GE-100 forms which we have often relied upon in the past of some stages of the relied upon in the past.

There is no disagreement with the basic principle that the rates for the 770A should be at least high enough so that 770A customers are not subsidized by any of the revenues from services which are monopolized by Pacific as a public utility. None of the parties have challenged the view that this is best accomplished by applying conventional costing procedures to develop a full-cost rate for each item of hardware in the 770A system.

One of Scott-Buttner's arguments would have required Pacific to base its PBX rates on the cost of the last item of any particular type of hardware rather than on the average cost of all the items in the inventory. Since such a rule would produce a fair rate of return on the highest priced acquisitions; it would tend to produce excessive rates of return on items acquired at substantially lower cost. Application of this costing principle would tend to make competition less effective. It would tend to promote either profiteering or inefficiency in Pacific's competitors at the expense of Pacific's PBX customers. When Pacific has low-cost items in its inventory, it should be able to pass the savings on to its PBX customers. We will adopt rates based on average procurement costs, and reject Scott-Buttner's proposal.

The principal issue concerning the measonableness of the proposed rates involves the location and service lives of the 770A PBX. Based on its experience with other PBXs, Pacific proposed a location life of 10 years and a service life of 13 years.

Scott-Buttner asserted that these lives are too long. It claimed that the 770A is already obsolescent and that this factor in conjunction with accelerating technological change would reduce the location life to 7 years and the service life to 10 years. If Scott-Buttner's prediction should prove correct, there will be a shortfall in the total revenues received by applicant. Scott-Buttner claims that adopting Pacific's proposed rates will thus produce a substantial subsidy of one of applicant's competitive ventures by the general body of ratepayers.

Address and Prince A

A similar problem was presented in Application No. 55527, which dealt with the SG-1 PBX; we said in Decision No. 85790 in that proceeding:

"All of our concerns would be satisfied, the parties would be fairly treated, and competition between the parties would be price-fair if we could with certain ty prescribe rates and charges which will recover actual future costs of service. This we cannot do. If we should inadvertently set Pacific's prices above cost, Pacific's competitors will have an undue competitive advantage. Likewise, prices below cost will give Pacific an undue competitive advantage and result in discrimination between Pacific's customers. . . Therefore, we shall authorize the rates and charges proposed by Pacific.
However, we shall require Pacific to keep separate accounts of the revenues, expenses and plant involved in SG-1 service, and we shall not permit Pacific in future rate proceedings to recoup from its non-SG-1 revenues. Thus Pacific will be authorized to file the rates and charges for SG-1 service it proposes herein to recover costs " (Mimeo pp 7-8.) and to meet the competition."

Scott-Buttner is now attempting to convince the Commission to reverse the precedent set forth above and instead adopt its own proposed service lives.

ుకు కారు కొండు కొండుకుండు కొరుకు కారుకు మంతులు అక్కువించిన మైదువించిన కొంటుకుండు కొంటుకున్నాయి. - ఎక్కార్ కారు కొరుకు కొరుకు కొరుకు కొరుకు ప్రాటాలు మీదువించిన ప్రాటాలు మీదువించిన మీదువించిన మీదువించిన ప్రాట - ఎక్కార్ మీదువించిన కారుకు కొరుకు కొరుకు ప్రాటాలు కొరుకు మీదువించిన కొరుకు మీదువించిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువించిన మీదువిందిన మీదువిం మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన మీదువిందిన

ALS6276 et 20. - 01

If we were to adopt the Scott-Buttner estimated lives, the rates proposed by Pacific would have to be increased about 9 percent in order to maintain the projected rate of return. If we adopt Pacific's estimated lives and if Scott-Buttner's predictions were to prove precisely correct, the error would reduce Pacific's rate of return over the total life of equipment to somewhere between 8.4 and 8.6 percent instead of the intended 10.5 percent. This figure can be contrasted to Pacific's present authorized overall rate of return, 8.85 percent.

Even if Pacific's proposed rates earn only 8.4 to 8.6 percent, Pacific's general ratepayers will have been fully protected by the ratemaking techniques and the special accounting procedures described in Decision No. 85790, supra; Pacific will have met all of its costs including cost of debt and will earn some return for its shareholders.

The control of the co

Thus, adopting Pacific's rates is a safe course of action; all public interests are protected even if its estimates are wrong. On the other hand, if Scott-Buttner's projections are too pessimistic, its proposal would leave PBX customers worse off than if they had dealt either in a free market or with a conventionally regulated monopoly. Therefore, we will not increase the rates above those proposed and will readopt the safeguards devised in the SG-1 proceeding.

No one has claimed that the proposed rates are too high in relationship to Pacific's costs. The difference between Pacific's authorized overall rate of return and the overall 10.5 percent rate of return authorized here is justified alternatively as compensation for the added risk of a competitive venture or as a margin for error in estimating.

Tropus 28.8 amender

II. Service

The evidence presented by the staff in May of 1975, consisting primarily of a customer survey, tended to show that the 770A was plagued with service difficulties. Pacific asserted that Western Electric had made modifications on the 770As located on customer premises, thus correcting such service deficiencies. The staff submitted the results of a subsequent survey of 770A subscribers in October 1976 which determined that although the 770A tended to have more service difficulties than another Pacific-offered PBX (the NA4-09) "...it appears that the defects in the 770A have been corrected to an adequate degree.". The staff then withdrew its previous recommendation that Pacific be ordered to discontinue offering the 770A because of chronic service difficulties.

There is no question but that the 770A was initially plagued with service problems. In a letter from Pacific to the director of American Telephone's Engineering Department, dated

October 13, 1972, Pacific indicated that one-third of the 770A PBX vehicles installed as of that date "are considered to have serious problems," and set out the various manufacturing and design shortcomings as viewed by Pacific.

15 ... dy ∂7**5**88.A

It appears that Pacific undertook to market the 770A before all the developmental problems were identified and remedied. In the future, we will expect Pacific not to make a general offering of a PBX until it has reasonable grounds to believe that developmental problems are no longer present. There is, however, no necessary bar to field testing of an unproven new PBX provided that the customers involved have consented to be used as experimental subjects.

The field testing of new telephone devices might well be an appropriate occasion for the use of special contracts under General Order No. 96-A. Any proposal for field testing will have to be scrutinized carefully to determine whether the conditions are fair to customers. Specific areas of concern would include limitation of liability and termination charges. Where field testing is involved, each of these topics may need rules differing from those applied to general offerings.

III. Marketing Practices

There was significant controversy concerning certain practices of Pacific in marketing the 770A. The issues were:

Is the use of Commission-approved contracts an unfair practice during the period prior to an effective tariff for a competitive service?

Is the use of a factor for "future rate increases" in a computerized communication comparison an unfair marketing practice?

(A) Contracts

Pacific had more than 400 contracts for 770A Package II service on file with the Commission at the time the interim tariff for the service was approved. Both Consumers Lobby and Scott-Buttner

have asserted that the use of contracts instead of tariffs to offer the 770A was a device to evade regulatory scruting.

If a tariff stating initial rates had been proposed, it would almost certainly have been pro tested by Consumers Lobby or by a competitor. Under the Commission's nearly invariable practice at that time, the Commission would have responded to a protest by suspending the tariff, without considering the market impact of its action. The suspension would have continued until final decision on the rate issues, causing a long delay in the introduction of the 770A. Pacific thus had a legitimate business reason to avoid delays which could have rendered the 770A obsolete before it was offered to the public. The Commission and its staff have an obligation to ensure that the Commission's procedures do not unnecessarily delay a utility's entry into the marketplace. A regulatory procedure or practice which arbitrarily gives one competitor an artificial advantage in the marketplace is a breach of the Commission's obligations under Northern Calif. Fwr. Agency, supra. (cf. Cal. Motor Transport v " Trucking Unlimited (1972) 30 L ed 2d 6421) The practice of using individual contracts was defensible as a means of ensuring that the 770A was marketed without delays caused by disputes over rate levels between competitors.

In any case, Pacific made an early and continuous effort to have the 770A tariffed. The problems that delayed tariffing were largely outside of its control. There is no evidence of footdragging on Pacific's part. Nor is there evidence to support a finding that either contract or interim rates were knowingly set at an unreasonably low level.

One of the principal reasons for requiring a utility to publish all its rates and conditions of service in a tariff is to

the confidence of the formation of the confidence of the confidenc

prevent or at least deter discrimination. Pacific managed to avoid unlawful discrimination by ensuring that each of the contract prices was based on a common formula. But by so doing Pacific violated another statutory requirement. The common formula became, for all practical purposes, Pacific's rate for the 770A, a rate which under Section 489 of the Public Utilities, Code, should have been published in tariffs.

Purportedly these contracts were issued under the authority of paragraph X of General Order, No. 96-A. That paragraph is an exercise of the Commission's power to grant deviations (Sections 489 and 532 of the Public Utilities, Code). contracts are intended for use in situations unique or exceptional enough that they cannot practically be dealt with by tariffs." A paragraph X deviation contract should not be used to establish interim rates for a generally offered new service. Under General Order No. 96-A, paragraph IX; any contract for a service which is available to the general public must be included in the utility's tariff. Therefore, we must conclude that the practice of using individually approved contracts in lieu of a tariff was unlawful. However, according to the record the use of de facto contract rates did not, in fact, produce discrimination or an unauthorized rate increase. In balance, it appears that this practice, even though technically fillegal; tended to promote competition without violating

any overriding public interest.

Staff and protestants urge the Commission to prohibit the future use of untariffed contracts in similar situations. As noted above, that prohibition is implicit in General Order No. 96-A. Therefore, no special prohibition is required. As the Utilities Division proposed, the first general offering of a competitive device must be by tariff, whether interim or permanent.

Legal Division argues that we should amend General Order No. 96-A in this proceeding to establish new principles for the introduction of competitive devices. Since, however, we are ready to make only tentative changes in procedure, which are well within the scope of the present general order, we will not modify that order herein. Legal Division also recommends that we require a formal application for each new competitive device. We believe that such a requirement would run counter to our basic policy, which is to minimize delay and de-emphasize regulatory interference in the pricing process for competitive services. We should indicate that even though we have rejected Legal Division's proposal, we intend to leave the staff free to informally request supporting information whenever the utility files an advice letter to tariff a new device. It may also require notification of competitors where appropriate.

ي بهويرن وي ها،

Since the use of contracts is prohibited, it is imperative to find an alternative means whereby Pacific can offer new PBXs as soon as they are available and properly tested even if it has not completed the costing process. It is also imperative to permit competitors to have at least some interim relief from an allegedly unfair utility rate without keeping the new device off the market altogether. Therefore, we will no longer reject advice letters proposing initial rates for competitive devices because of protests asserting that the rates are too low. Rather, we will use a new form of interim relief, allowing the device to be offered immediately, but at a surcharged rate. The level of the surcharge will be designed to offset any anticompetitive effect or cross-subsidy, and it will be refundable when and if found not to be cost justified.

న కు కారం గ్రామంలో కుండా విద్యాపరాంత్ర కారుకుమ్మికి అకుండా కృత్తంతోంది. ఉందిన స్థేస్తున్న

අතරය වුන් කොට සිට සහ පත්තර දින අතර වන්දී කිරීම වෙන මේ වෙන්න් දින්න් අතර ව

We will expect any protestant to dedentify the price of the closest competitive offering available in the marketics This wills enable us to set the surcharge atta level so that the rates are approximately the equivalent of the market price for the competitive device. If there is no information to establish a market price we we will use whatever cost information that is available to fix the amount of the surcharge. We recognize that even a refundable surcharge will tend to put the utility at a competitive disadvantage. Therefore, expedited hearings will be scheduled on any competitive rate protests. Surcharge relief may be denied or terminated if there is reason to believe that the protests are unsubstantial or notymade in good faith.

n sen i n (**B)** n**FuturenRaterFactor**(wilkershides) hitemitaabs bilkees yw

le Unregulated competitors can self-condease their PBXs me at a fixed price or rate : Pacific, however; must always inform its potential customers that its rates are subjects to revision and to increase by this Commission. This uncertainty imposes assevered competitive handicap on Pacific. To counter this difficulty Pacific in marketing the 770A provided as complete long-range present worth comparison of: 770A: rates with competitors imprices it: Oher necessary element in this comparison was a projection of future PBX materies increases. and a state of the state of the contract of th

In some instances, Pacific supplied figures as low as 1.1 percent or 3 percent for annual rate increases to Both protestants claim that these representations were fraudulent. These figures were purportedly: based on past experiences of There has been no showing that these figures; were not an accurate; description; of past; experience. Nor was, there any showing that any responsible official perceived or understood the changes in the law and regulatory practice which make past experience an unreliable guide for the future of sastagong a

- one of the consideration of a calebrate and the constant of the consideration of the constant of the constan

ර සම්බන්ධ වලට අධ්රයක්ම පුනුද කිය (ය) එවුම ප්රේණයක්ම සංක්රයක්ෂයට වැනි

no el anorone en esta pare el el el estade el el

In all probability Pacific's PBX costs in the next decade will increase by more than 1.1 or 3 percent; it is unlikely that Pacific, even if it wished to do so, could allow its rates to lag significantly behind costs. Therefore the comparisons used by Pacific were unreliable. We cannot find, however, that they were fraudulent.

Protestants contend that we should prescribe; within limits, the representations which Pacific's salesmen can make concerning future rates. We will reject this suggestion of We cannot ourselves predict what PBX rates will be 6 or 10 years hence and additions

We think the proper response to this problem isonotated add another regulation to Pacific's competitive handicaps. Rather we should adopt rate patterns which may make future rate increases an item of minor concern. We have already approved in principle, a two-tier rate structure which is almost the economic equivalent of a sale and maintenance contract which might be offered by and unregulated competitor (Decision No. 83958; Applications No. 55242). One of the features of that type of rate is that only the maintenance segment of the customer's total bill will normally be adjusted to reflect inflationary changes. Use of this type of rate will reduce the temptation by any competitor, regulated or unregulated, to emphasize future rates in its sales pitch.

IV. Regulatory Procedures That a second and appeared

Consumers Lobby asserts that the utility violated the Commission's Rules when it filed Advice Letter No. 11372 in 1974: That advice letter proposed to substitute tariff rates for the contracts then in effect for the 770Av. The tariff rates would have increased the amounts paid by existing contract customers.

Pacific, nevertheless, used the advice letter procedure appropriate for an initial rate. The advice letter included the traditionally required statement indicating that the proposal would not "increase any rate or charge.".

^{3/} Compare Section 454(a) of the Public Utilities Code with Section

Consumers Lobby argues that this statement was fraudulent on the basis that the contracts collectively constituted a rate. Our staff, after protest by Consumers Lobby, adopted the argument that this was an increase in a <u>de facto</u> rate and requested detailed information on the revenue change. The advice letter was ultimately withdrawn and Application No. 55276 was substituted.

The challenged statement, even though incorrect as a matter of law, cannot be found fraudulent unless the responsible utility officials knew or should have known that the statement was incorrect.

The responsible official testified that he questioned the statement and was informed by other utility officials with experience in California regulation that the contracts did not constitute a rate and that the proposed tariff was therefore an initial, rather than an increased, rate.

That advice was a correct description of the traditional staff view at that time. The staff's adoption of the de facto rate theory marked a change in position.

Since the statement was made in reliance on a staff practice, we can hardly find that this reliance was misplaced. In any case, the staff's timely change in position prevented the statement from having any adverse impact either on the Commission or on customers.

V. Policy Statement

This is not a case such as NCPA, supra, where the Commission is called upon to determine whether and to what extent competition is required by the public interest. In the PBX market, full competition by unregulated companies is an established fact.

Our obligation is, therefore, to tailor our regulatory activities to ensure that the public receives the maximum possible benefit from the competition that does exist.

Victor of the State of

gagorgus da egilatou (° 77

Statutes provide some limitations on our freedom of action to adjust to competitive situations. We could not, for example, find that competition excuses us from the duty to make formal findings whenever Pacific seeks to increase a competitive rate (Section 454 of the Public Utilities Code). It might, however, permit us to find that a rate was not unreasonably high based simply on a showing that it is controlled by effective competition.

Thus, the existence of competition may permit the relaxation of some of the requirements which were necessary to protect consumers when the utilities had a monopoly on PBX service. It creates new responsibilities, however, to ensure that our residual regulatory efforts do not give the regulated entities unintended competitive advantages or disadvantages. We must also be sure that the utilities do not abuse their natural and legal monopoly over most other forms of telephone service by using it as a source of excessive revenues with which to subsidize competitive ventures.

and kan partitioner and an arrange many manifestation and the hope of the straight the little of the

restauration of the second personal expension restaurations where in many building

Our objective in regulating the future competitive ventures of communication utilities is to allow competition to have the maximum impact on the market behavior of both regulated and unregulated competitors. In order to accomplish this objective, we will develop procedures which allow utilities to act as much like unregulated competitors as possible.

<mark>එයක්වර්ධිපත්තර මුහිම පුන්වේක්කර අප්රත්වධ</mark>වර ප්රද්යත්වේශ්ර සහ දෙස්විත දෙස් විශ්යාව සහ

There are, of course, limits to the amount of freedom we can allow. Statutory requirements must be observed and we must also be vigilant to ensure that revenues from the general ratepayer are not used to subsidize the competitive activity. Also, we will feel free to impose special disclosure rules on utilities if necessary to ensure that consumers can intelligently exercise their freedom of choice. We will continue to expect that all utility equipment meets high standards of safety and reliability regardless of whether it is offered in a competitive environment. Finally, of course, our complaint procedure is available to all utility customers regardless of whether a competitive product or service is involved.

In the findings which follow, we have not attempted a factual analysis of the market impact of Pacific's new rates.

රාග්ර ගැන්න පරිත සහ අපදෙන්න ප්රතිය සහපතිත පත අපධිමත්වන ඇත්විම්වන්න් සිට විස්තරය සහසුන්ව මෙස්වා සහ අපදෙන්න මේ සහසුන්ව සහසුන් සහසුන් සහසුන් වෙස්වා මෙස්වා සහසුන් සහසුන් සහසුන් සහසුන් සහසුන් සහස

The trace of the same of the general section of the state of the same of the s

Ledowskoo ibaabiwkbok

S. Tauck of Pressing contracts for the 1704 set prices bearing

on a uniform formation

.. 3 S.~

Competitors, who produce comparable equipment at equal or lower cost, presumably need no protection from a competitor who cannot beat their prices. Competitors with higher costs likewise cannot claim any protection from us. If they are affected by Pacific's competition, they have the option of abandoning the market, finding a method of cutting costs or surviving at reduced profit levels.

We have not instituted <u>sua sponte</u> investigations of Pacific's early marketing practices or rates, since our primary concern is with strengthening future competition, not with past conduct, especially when apparently not in violation of any specific statute or order. Findings

- 1. The 770A is an electro-mechanical private branch exchange manufactured by the Western Electric Company.
- 2. Pacific has been attempting to establish a permanent tariff for Package II 770A since 1972.
- 3. In the period prior to the establishment of an interim tariff for Package II 770A, Pacific satisfied customer demands for such service by filing contracts with the Commission under the provisions of General Order No. 96-A.
- 4. The record does not show that the revenues received by Pacific under contract or under interim rates were less than the total costs of providing service to those customers at the time such rates were instituted.
- 5. The 770A was offered generally to the public under individual contracts.
- 6. Each of Pacific's contracts for the 770A set prices based on a uniform formula.

- 7. Advice Letter No. 11372 was filled by Pacific with the statement, "This filing will not increase any rate" or charge." The rates set forth in that advice letter were an increase over contract rates.
 - 8. Pacific reasonably believed that augroup of contract services did not constitute a rate rate of the services of the service
 - 9. Pacific had no sufficient reason to believe that statement incorrect as a matter of law.
 - 10. Pacific filed amended Application No. 55276 on February 13, 1976. Declined by mistored because escapes
 - 11. The 770A PBX rates sought by Racific in the amended application seek to recover the costs of service as reflected in the GE-100 cost studies attached as Exhibit "D" to the amended application.
 - 12. The rates and charges proposed by Pacific will not recover revenues in excess of reasonable costs of service plus fair return.
 - 13. The rates proposed for the 770A PBX system, as found in Exhibit "C" to the amended application fully recover the appropriate costs as identified in Pacific's GE-100 costs studies including a fair return.
 - procedures set forth in Ordering Paragraphs 2 and 3. Used in pending and future rate cases, these will prevent subsidization of Pacific's competitive ventures, even if PBX rates yield revenues which are insufficient to cover costs:
 - 15. If Pacific earns significantly more than 10.5 percent for the 770A PBX, its return will be excessive. It would earn significantly more than a 10.5 percent rate of return if Pacific's proposed rates were increased to the levels proposed by Scott-Buttner and if the longer lives projected by Pacific actually occur.

- 16. The rate of return to be produced by the rates proposed in Exhibit "C" to the amended application is 10.5 percent.
- 17. There is no objective reason to select either Pacific's or Scott-Buttner's estimate of lives. The rates adopted herein will produce returns of 8.4 to 8.6 percent if location life is 7 years and service life is 10 years.
- 18. The authorized overall rate of return for the applicant is 8.85 percent.
- 19. Based upon the record herein, the increases in 770A rates and charges authorized herein are justified; the rates and charges authorized herein do not exceed reasonable levels and are not unreasonable; and the present 770A rates and charges insofar as they differ from those prescribed herein, are for the future unjust and unreasonable.
- 20. Interim Decision No. 83158 granted Pacific the full authority requested in Application No. 54881.
- 21. Pacific sales personnel use a computerized communications analysis called the COMPAR.
- 22. The COMPAR is used to analyze and compare non-Bell system leases, lease-purchases, and purchases of equipment with Bell's (applicant's) rental of equipment.
- 23. One element of the COMPAR is an estimate of an anticipated amount for future Bell rate increases.
- 24. Applicant's sales personnel have in several instances projected future PBX rate increases averaging 1.1 3 percent per year, while selling the 770Ax and a mandar or .XSS ACCOUNT.
- 25. No showing has been made that the figures used by Pacific's sales personnel were not accurate representations of past experience.

- personnel who used the rate increase figures had knowledge or understanding of circumstances which might require more rapid increases in the future.
- increases in the future-to-ministrate and procedures of the Commission are inadequate with regard to the handling of protests, complaints, advice letters, applications, and contracts for competitive services of a utility
 - of a utility.

 28. Expedited handling of a regulated competitor's rate requests is required. Uncertainty over rates can place a regulated competitor at a disadvantage.
 - 29. A utility's rate application, or advice letter for a competitive service should contain an adequate showing of lawfulness of rates. Introduction of a new offering should, however, not be delayed if the showing has minor defects.
 - 30. An immediate interim tariff, at rate levels high enough so as to make refunds at a later date probable, is preferable to a lengthy regulatory delay of a competitive offering of a regulated public utility.
- 31. The Commission has a basic responsibility to devise procedures which neither handicap non unduly benefit a regulated competitor.
 - 32. No practice, policy, or procedure of the Commission should enable a competitor to unduly delay introduction of a utility offering in a competitive market. Our staff, however, has established informal practices to clear tariffs before formal filing; this decision is not intended to modify that practice.
 - 33. Requiring a formal application for initial pricing of a competitive device would impose unnecessary delay and formality. The Commission staff can require supplementary cost information and notice to interested parties when an advice letter is filed.

34. The use of contracts avoided delay in introducing the 770A. The use of contracts did not result in discrimination or unauthorized rate increases.

ार्व । इस उस वेग्रहस्

- 35. The contract and interim rates were not intended to deceive customers or disturb competition.
- 36. The 770A PBX is now rendering generally adequate service of the control of th to the public.
- 37. Pacific should not in the future provide untested equipment to the public. Experimental offerings may be authorized, provided there is full disclosure to the customers and full staff review of the terms and conditions, including termination charges and limitation of liability.
- 38. It would be premature to modify General Order No. 96-A at this time. The same the second of the sec ැන්න සම්බන්ධ සහ කරන වන වෙන්න් අතුන් මහතුවන් වෙන්න එකුට මිනිසුකුකු දක්ව

Conclusions

- 1. Pacific's amended Application No. 55276 for 770A PBX rate increases should be granted.
- 2. Pacific should be required to set up and main tain separate accounts for revenues, expenses, and plant, attributable to rendering 770A PBX service.
- 3. As a part of its showing in support of any future requests for authorization to generally increase rates, Pacific should be required to report the annual amounts by which the costs of rendering 770A service exceed the revenues derived from rendering ද්විය වැනිමෙන් දේව්ර්තරය සහවට දෙනමෙන්නයක්, ඉහරිය සහමුසුම්ප්රද මේ ස්ථුවි the service.
- 4. Pacific should be required to set up and maintain, separate accounts and supporting data for depreciation expense and reserve accruals for the 770A system.
 - 5. The relief requested in Case No. 9794 should be denied.

ලබා විසර වෙර කියල වර් අතරත්වන සහ වල වන මේ අතරත්වල එක්ක්ක්ක් විද්යාවේ සම්බන්ධ කරම් සිත්වේ අව

- 6. The investigation in Case No. 9838 should be terminated.
- 7. Application No. 54881 is most and it should be terminated.
- 8. No restriction on offering the 770A PBX to the public is warranted.
- 9. A series of contracts issued under a common rate formula becomes a de facto rate so that the first tariff for such service is a rate increase if it increases the utility's revenues.
- 10. Under General Order No. 96-A, paragraph X, individual contracts may not be utilized for an offering that is made to the public generally. Paragraph X contracts are to be used only for offerings to customers who require service under circumstances unusual or unique enough that permitting a deviation from the tariff rule will not constitute discrimination.
 - ll. It would be unlawful to impose higher pricing standards on a regulated than a nonregulated competitor without proof of an overriding public interest.
 - 12. A utility should be permitted to offer its services in a competitive situation as soon as reliability is established, even if there are disputes with competitors over the fairness of the rates.
- 13. Where a utility seeks to offer a service under approved contract rather than tariff, there must be a showing of a valid reason for deviation from tariff requirements.

var or which with a true case with a lease $\mathbf{o}_{\mathbf{c}}\mathbf{R}_{\mathbf{c}}\mathbf{D}_{\mathbf{c}}\mathbf{E}_{\mathbf{c}}\mathbf{R}_{\mathbf{c}}$ being a likely as the large case

The least which is in the IS Ordered that it is become bluck holden as his

1. On or after the effective date of this order, The Racific Telephone and Telegraph Company (Pacific); is authorized to file the revised rate schedule attached hereto as Appendix A. The effective

date of the revised schedule shall be the date of filing. The revised schedule shall apply only to service rendered on and after the effective date.

ිට විශ්යාතාව විශ්යාව සිට පිරිසිට මෙන්ව විශ්ය විශ්ය විශ්ය විශ්ය විශ්ය විශ්යාව විශ්යාව විශ්යාව විශ්යාව විශ්යාව ව වේද විශ්යාව ව විශ්යාව විශ්යාව

- 2. On or before April 30, 1978, Pacific shall install, and thereafter maintain until further order of this Commission, separate accounts in which shall be recorded revenues, expenses, and plant attributable to rendering 770A PBX service subsequent to the effective date of this order. Memorandum accounts shall be developed and maintained for 770A revenues, expenses, and plant prior to the effective date of this order.
- 3. In addition to the data required by Rule 23 of the Commission's Rules of Practice and Procedure for a rate increase application,
 Pacific shall include as an exhibit annexed to future general rate increase applications the annual amounts by which the costs of rendering 770A PBX service exceed its revenues.
- 4. On or before April 30, 1978, Pacific shall install, and thereafter maintain, separate accounts and supporting data for depreciation expense and reserve accruals for the 770A system. Pacific shall be prepared at all times to report until further order the annual actual depreciation accruals for the 770A PBX plant and the amounts which would result from applying the lives estimated in the GE-100 cost studies attached as Exhibit "D" to the amended application in this proceeding.

- ఎ. జామ్మన సర్వార్త్, నారు. తందానాగాలో ఎత్తునుందోవారు. ఇంట్లువుత్తలో ఉందానాన్ని మంటర్మికార్వాన్ని

- 5. Application No. 54881 is dismissed.
- 6. The relief requested in Case No. 9794 is denied.
- 7. The investigation in Case No. 9838 is terminated. The effective date of this order shall be thirty days. after the date hereof.

Dated at San Francisco, California, this 7th day of | FEBRUARY , 1978.

sourlitred. A retain the received

A KICKERGA LATTETTOTT: Ag Page 1 of 14

EXCHANGE TELEPHONE SERVICE

The second of th PRIVATE BRANCH EXCHANGE SERVICE

- Boundarion - A Carico - Convers restrant Education Civi NI. MODULAR DIAL PBX SERVICE - CLASS A

APPLICABILITY

(1) Type I Syares (1770A) - Constance Applicable to Modular Dial PBX Services - Class A condition of the Without of the Applicable to Modular Dial PBX Services - Class A condition of the Without of the Applicable to Modular Dial PBX Services - Class A condition of the Without of the Applicable to Modular Dial PBX Services - Class A condition of the Without of the Without

representant of the court of the file are entitlement to be the municipal of the terms of the te

TERRITORI

FORD CODE AND CONTROL STOCKS OF THE MERITINE OF MARKET OF WITHIN THE EXCHANGE AREA OF EXCHANGES AS SAID AFEAS ARE DEFINED ON MARKET

filed as part of the tariff schedules.

Syptem Ormacing The second of th

CHARGES AND RATES

SETC* <u>IC</u> USOC (1) Type I System (TTOA) 049 St 1881 - Capacity 400 station lines: 098 dw 248 004 at 198

(a) Initial common equipment for 40 station lines and 3 simultaneous talk paths, including batteryless power plant and capacity for 3 consoles and 9 trunk units for terminations of trunk lines, tie lines, interexchange private line telephone service lines and supplemental services.

\$2,200.00 \$2.200.00 \$ 255.25(I) 7AP 3 Feature Package 1 (T) 297_80(I) 2,400,00 7APF2 2,400.00 Feature Package 2 (T)

(b) Additional common equipment for 40 station lines and for more simultaneous talk paths, including capacity for 3 trunk units for terminations of trunk lines, tie lines, interexchange private line telephone service lines and supplemental services.

> Feature Package 1 Feature Package 2

7AR 600.00 750.00 7ARP2

600.00 750.00 109.75(I)

81.15(1)

APPENDIX A Page 2 of 14 A 30 % people

EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE Control of the contro

N EKANTA BUMBUKS

The second of th

XI. MODULAR DIAL PBX SERVICE - CLASS A - Continued

CHARGES AND RATES - Continued

(1) Type I System (770A) - Continued - Capacity 400 station lines: - Continued lymol was subject of backering

Note: The maximum number of simultaneous talk paths which may be included in a Type I system at the above Charges and Rates are:

System Capacity (Station Lines)	Simultaneous Talk Paths
Up to 80 81 to 160 161 to 240 241 to 320 321 to 400	3 4 (ACT A) madrovo (Comercia (Comer

1 a 199

A STATE OF THE STATE OF THE STATE OF

A155276 on older

And the same of the same of the same of

The second secon त्राच्या वर्षः विकासम्बद्धाः स्थानिक विकास कर्षाः to the properties been regarded - Garage Frankling Committee Conference The state of the s - the test of market with the second of The same of the sa

and anall survival beautifulat - the training the control of the distribution of the control of

The second will be seen that the second will be seen that the second will be seen that the second will be seen to be seen

अर्थेन विस्ति हेर्सी क्रिक्सिक निर्मा केर्ये के क्रिक्सिक BOOK SHARES OF THE SHARES CAN BEEN a place operational many tot المعلى والدائم المحافظ الموافق الموافق الموافق الموافق الموافق المعلم الموافق المعلم والموافق المعافظ المعلم و الموافق الموافق المعافظ المعافظ المعافظ الموافق الموافق الموافق المعافظ المعافظ المعافظ المعافظ المعافظ الموافق i medi jestama i kolombije mjedeži Lich 122 i kolombije mjedežiom kalimanjama The mander with the second of the second of the second Company that was a popular er freeze lita erual, bolistog

The second section of the second

The same of same and the same of the same

I was a second

The state of the s

Page, 3, of 14

EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

MI. MODULAR DIAL PBK SERVICE - CLASS A - Continued - CONVERS NOT WAIT MAIN MAINTEN

CHAR	CES	AND RATES - Continued	USOC	Burgara Salahan	tood - Tonki c	
(2)	_ 	E II System (770A) Capacity 400 station lines:				
		Initial common equipment for 40 station lines and 4 simultaneous talk paths, including batteryless power plant and capacity for 3 consoles and 20 trunk units; for terminations of trunk lines, tie lines, inter- exchange private line telephone service lines and supplemental services.	TARRESTE TOTAL EMPLIES TOTAL	නත්ව විධ ප්රේකයට මට විධ පුළු ජුවුදිද විධ දැන්ව ජුව ප්රේක දෙවානුව පුළුදුදුව දැනුව	A CONTRACTOR OF THE PARTY OF TH	
		Feature Package 1 (T) Feature Package 2 (T)	HH5bs HH5	\$2,400.00 2,700.00	\$2,400.00 2,700.00	\$ 301-35(I) 354-15(I)
	(3)	Additional common equipment for 40 station lines and for more simultaneous talk paths, including capacity for 10 trunk units for terminations of trunk lines, tie lines, interexchange private line telephone service lines and supplemental services.			0.26 0.00 0.00 0.00 0.00 0.00 0.00 0.00	
		Feature Package 1 (T) Feature Package 2 (T)	HH5P2	650.00	650.00 1,000.00	91.25(I) 155.90(I)

See Special Conditions: *6

. څمول کرون وود

Continued

10 (10 m) (10 m) (10 m)

e tale a second

Same Same

Page 4 of 14

EXCHANCE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

MI. MODULAR DIAL PBX SERVICE - CLASS A - Continuedado - To Types 1999, Road Carrolle

CHARGES AND RATES - Continued

LOWELTHAND - BROWN TON RECENTE.

The state of the s the commendate of the property of the property

The second secon

ype II System (770A) - Continued (2007) and a war of (2) - Capacity 400 station lines: - Continued (2007) and the continued (2) (2) Type II System (770A) - Continued

Note: The maximum number of simultaneous talk paths which may be included in 18 was stable account of mon a Type II system at the above

Charges and Rates are:

System Capacity (Station Lines	<u>{ </u>	Simultaneo	·
40 80 120 160 240 280 320 360 400	(1.1 1000 () 1.1 107 100 () 1.2	10 10 11 12 11 15 16	නම් විද්යාවේ සහ සම්බන්ධ විද්යාවේ සහ සම්බන්ධ සහ සම්බන්ධ සහ සම්බන්ධ සහ
			note da dan dinamento de mois servicio decento, ton edada de accesso servicio de accesso da de accesso de acce

See Special Conditioner 86

The strong the second

APPENDIX AAPPENDIX AAPPEND

EXCHANGE TELEPHONE SERVICE

CHARGES .	AND RATES - Continued			යුණයකුද් නසුවේ 📄		rgerie von die deutsche George George Nord-George
	en in a construir de la constr	grands and with the second	<u>usoc</u>	BTC*	<u>IC</u>	MR
of t	oles for direct termination runk lines - Types I and II ems:			-	¥0 నుండి జలబొంద ఇళ్లి → దిండినుండా కిరిమింది	এ ন্ ত
	Capacity for 12 trunk lines and 100 station lines, including console common equipment (23 Type):	(T)			Cipacing Condition (Condition Condition Condit	Caj
	Feature Package 1 or 2	(T)	toneth E. K	S 140 12 (1998)	lack britans.	
	1. First console 2. Second console	CST EST	72A PCL	\$ 550.00(R);; 600.00(R);;	\$ 550.00(R) .600.00(R)	\$ 64.45 (I) 74.95 (I)
(b)	Capacity for 30 trunk lines and 200 station lines, including console common equipment (53 Type):	(T)				
	Feature Package 1 or 2	(T)	1 mg	\$ 70 % mass	ใช่สรี บ รมจ ะกลใ	
	1. First console 2. Second console	Section of the sectio	TTD TTA	650.00(R) 650.00(R);	; ;650;00(R) ;;:650;00(R)	69.65 (I) 83.45 (I)
;;;;;;;;(c)	Capacity for 30 trunk lines without busy lamp or direct station selection field, including console common equipment (43 Type):	*** *** *** *** *** *** *** *** *** **		ాడుక గుజుతారు. కో ఇంమిందుకుండా *	ి. ముద్దార్ధిని ప్రత్యే ఇదాకా బాధాని రిజ్ఞానికి - బాధాని రిజ్ఞానికి	
	Feature Package 1 or 2		7AF	550.00	550.00	57.00 (T) (D)
·	- Maximum of one console in a system which is equipped with up to 3 switched loop console					

APPENDIX A Page 6 of 14

EXCHANGE: TELEPHONE, SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

MI. MODULAR DIAL PBX SERVICE - CLASSOA: -: Continued pair - 2017/283 No.

CHARGES	CYA	RATES	_	Continued
~	77412	****	_	~~~~~~~~

CHAR	æ	AND RATES -	Continued			minut de la	a happy by kings of same in	And the state of t
- 		afficial Society ments	Markey program on the first state of the pro-	S. Carrier	USOC	BTC*	<u>IC</u>	<u>MR</u>
	opei	soles for swi ration - Type tems:		· .		No Luncia Larren (j. 1800) Til Lado (j. 1806) (j. 1807)	really Andre	1 1000 (20 1000 (20 1000 (20
	(a)	Capacity 100 and 20 trunk cluding cons equipment (2	ole common	(T)	4 - 1 4	a territa di diddicata di di se Labara di didagnica Salamana di di diagnica Labara di di diagnica		
		Feature Pack	age 1 or 2	(T)	* ,. *	The second second	ala empario	
	• . •* *		onsole console		72D 72E	\$ 700.00(R) 550.00(R)	700-00(R) 550-00(R)	\$ 94.00(I) 52.75(I)
	(১)	Capacity 200 and 20 trunk cluding cons equipment (5	ole common	(T)	(); ();	Company Color Company Color Colored Green Colored Color	nao Nosi Lyan	
		Feature Pack	age 1 or 2	(T)	(77)		and the second	
		1. First c 2. Second		An Wilder See to 1 1 April 24 2 See 3	7SD 7SA	700.00(R) 550.00(R)	700-00(R) 550-00(R)	98.75(I) 57.80(I)
	(c)	Additional 2 capacity for			7 A V	A Sen of Sensor Sensor The Sensor Branch Sensor The Sensor Selection	110.00	24.15(1)
						acatas o militario.		
- 1.	•	et e set e g	\$\$\.00\} 	gree of those		্টি বিক ই ক্ষিত্ৰ বি	arti originalis.	

See Special Conditions: *6

27.10

e en del amerika estado estado antidada estado e The state of the state of the state of ta nip aki,aki,wa kuta kuji manamma gone Same piece.

Ser seriolaticaco llebened ese

ante lexac

APPENDIX A Page 70of 14

EXCHANGE TELEPHONE SERVICE

USOC IC MR
the decompanie to the month of the phop that (A) the tion may the the the tion of the the tion of the
703 703
ine house selection in the contract of the con
olungan i do yolongan –
1970 00 00 00 00 00 00 00 00 00 00 00 00 0
788 - 41.000
्राच्या विकास के किया है। जिल्हा के किया है कि इस किया है कि
m (T) none , The P25AA obligation of oversemple 250
Charges and Rates
applicable to Type A Battery Plants, Section
XIV, A. General of this Schedule
The second of th
and the state of the
•

Continued

See Special Conditions:

APPENDIX A Page 8 of 14

EXCHANCE TELEPHONE SERVICE

PRIVATE BRANCE	TYCHAMOT STRAT		, e
XI. MODULAR DIAL PBX SERVICE - CLASS A TOCCO	ntinued,	gent and have the grown and th	
CHARGES AND RATES - Continued	St. St. St.	The second secon	TUR GEORGE
	USOC		<u>MR</u>
(10) Trunk unit for access to:	enca to zikoba.	ing the state of t	and the second of the second
 (a) Dial code calling or dial dictation Capacity of 1 dial code calling circuit or 2 dial dictation circuits)	(1920):3\$::6~25(R); -(
(b) Loudspeaker paging - Capacity of 1 circuit	(c)	****	$\mathcal{J}' = \{ \{ \{ \{ \}_{i=1}^{p} \} \mid i = 1 \} \} $
(11) Trunk unit for termination of a tie	meg are		er Taranton
line or private line telephone channel		الله الله الله الله الله الله الله الله	man may be the
in common equipment		0.00 240.00 0.1	mro23.30(I)
(-)		The state of the s	
(D)	sanska de skip 1 - Gariga de	Do Man Billian II. Diganggan	
(12) Each intercepting trunk unit for unassigned station lines of a	i de la companya de l	a di kanangangan	The second secon
system	1-1-H	30.00	4.90
(13) Executive Override circuit, each*		47400-3	
(14) Executive Ringback circuit, each*	7EP	49.00	6.25
(15) Simultaneous talk paths in addition to those included with common equipment	>	**************************************	
Each four simultaneous talk paths	MM	130.00	19.70(I)
(16) Call transfer of Outgoing Calls by Stations ##			
Each trunk line arranged	773	26.00	1.95(1)
(17) Stutter Dial Tone			
Each dial transfer trunk arranged	7E6A	A 6.00(F) _90(I)
Shundungt .			(α)

APPENDIX A Page 9 of 14

EXCHANGE TELEPHONE SERVICE

CHARGES AND RATES - Continued	and the second of the second o
	TICOC ATTOMATICATION MEDICAL MARKET M
	USOC IC
(18) Automatic Call Queuing Feature	
a a series de la companya de la comp	
Systems " Jack good herror early nothing	70S \$ 25.00 \$8.50 (T)
The state of the s	and a strong of the control of the second of the second of the second of the control of the cont
	in Boan and Mink topolition, ", quentitator (). 20 Super angle (so yourse) Constitutor () authority (). 20 Super angle (so your ()) and () and ().
	ික (ක්රායය) වෙන්න දැකියන්නේ උපස්සේ සිතිය දැකියන් සිතු වෙන්නේ වූ විට විට වෙන්නේ දැකියන් දැකියන් සිතු වෙන්නේ වූ වන්ට වීට සිතුන්ට වියන්නේ දැසිස් සිතුන් සිතුන් සිතුන්ට වෙන්නේ සිතුන්ට දැකියන් සිතුන් සිතුන් සිතුන් සිතුන් සිතුන
(19) Timed Reminder Feature for	to be present the Sorvice Mosseures or Loss
(19) Timed Reminder Feature for Switched Loop Systems Transference Communication Commu	TRMCE 16.00 3.80 (T)
f = f(x) + f(x	TO THE CONTRACT OF THE PROPERTY OF THE STATE OF THE SECOND STATE OF THE PROPERTY OF THE PROPER
THE SECOND OF THE SECOND SECON	දයද - අයදේශ ද්යකස්ය ලසු සම දුල් දිලපුවසු ලද දුල් දුල් දුල්වේ මෙයදි දෙය දුල් සම්බන්ධ කිරීම දුල්වේ දුල්වේ දුල්වේ දෙන දුල්වේ දුල්වේ දුල්වේ (D)
- One feature required for each attendant trunk	. Programme West in the Englishment of the
circuit	
	ed moment language manulation a
ราชานินัก สอุร์การสาก ซาม () มากลับการเก	Time
The database of the members of the members of the control of the c	SCO Job opening charge (N)
(SO) appaedneme.eduriment andragani maria	shown in Section
	XIV., A. General of this Schedule. (N)
Marie de la fina de la	o Tanak kapa naakokoka asa kakoaga oka
	والمرابع وال
and the second of the second o	ారం నా అవిచేవరువి గ్రామం అయిన జమ్యాయం ముందిరున్నారు. కామా నా అవిచేవరువి గ్రామం అయిన జమ్యాయం ముందిరున్నారు. కామా నారు గ్రామం
	rang sa kasalang sa padawan na pa Kasalang sa kasalang sa padawan na padawan n
 Mark the property of the property	mater Committee of the
	Controlled to the State of the
ting of the state of	to the control and purch seal specific and the
tim who fill part managerit cars	The fight of the state of the s
t is drugged to differ the second and the second	FIG. 1. Folk Saw Paramatan Erankova (1916)
See Special Conditions: *10.	Sure of the training of the training of the training of Continued

BOARD - BEER WILL BENEVER

and the state of the contraction of the state of the contraction of the state of th

TOTAL DOMESTING BY BY BY BORDED TOTAL

APPENDIX A Page 10 of 14

EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

MI. MODULAR DIAL PBX SERVICE - CLASS A - Continued - Convention As a manual section . The

SPECIAL CONDITIONS

1. General

a. Terms

In the application of the tariff schedules, the terms "console" and "common equipment", as used in connection with Modular Dial PBX Service - Class A, are construed as the equivalents of the terms "cordless service attendant position" and "dial switching equipment", respectively, as used in connection with Commercial, "Hotel, and Residence Manual and Dial PBX Service.

b. Trunk Line Service, Messages or Local Units and Stations

Trunk lines, messages or local units and stations will be furnished with Modular Dial PBX Service - Class A at the charges and rates and special conditions specified for Commercial, Hotel, and Residence Manual and Dial PBX Service.

c. Minimum Requirements

The minimum number of consoles, trunk lines, and station lines comprising a Modular Dial PBX - Class A system is the same as for Commercial, Hotel, and Residence Manual and Dial PBX systems.

d. Auxiliary and Subsidiary PBX Systems

The special conditions applicable to auxiliary and subsidiary PBX systems furnished under this schedule are the same as the special conditions applicable to auxiliary and subsidiary PBX systems furnished in connection with Commercial. Hotel, and Residence Manual and Dial PBX Service.

e. Availability and Stop Hunting Control Arrangement. The Line Service, Exchange and Toll Message Diverting Equipment

Charges and rates and special conditions of Schedule Cal.P.U.C.

Nos. 12-T, VI. "Tie Line Service", VII. "Exchange and Toll Message
Diverting Equipment" and 32-T, "Availability and Stop Hunting
Control Arrangements", apply to such services when furnished with
Modular Dial PBX Service - Class A.

e Page 12 of La

APPENDIX A Page 11 of 14

The state of the s EXCHANGE TELEPHONE SERVICE

PATTAGO -- A COVID - COLASES MES CVIC STATAGON TIX

PRIVATE BRANCH EXCHANGE SERVICE

The state of the second of the

XI. MODULAR DIAL PEX SERVICE - CLASS A - Continued

anicionano. ¿

SPECIAL CONDITIONS - Continued

The same of the same of the same

2. Features . nobli molitade Con mi danagiupo mommoo osto to valorque momitana ost an large to reduce the second of the second of the remarkable acres of the relications of the relication of the relicati - something one deliver CONSOLE

Busy Lamp Field

ofconoole

Call Transfer by Attendant Town to me to me to merchant Night Connection by Attendant Night Connection by Attendant of the college of the college of the markets and bedering to address.

emal ques o successor las quall sours la religentario seculo 201 electro. A Compainment produced anologopion (figels may be added to like the like to the like the lost of of ා හැරිණාගත්වය ලබන්ට නම්න්න්ඩාන්ග සහව ප්රධානයක්වේ නම්ක්ෂ් නම් සම්බන්ධ සහවාදීම STATIONS

Station to Station Dialing of January January is in bublyout of our care space Direct Outward Dialine of The transfers that the transfers the signification of the Station Hunting

Restriction of Outgoing Calls 300 78 manages were considered only to the to the said and analy and an angle of the position of the said of the s

In addition to the equivalent features of Feature Package 1, the in addition, or one will be provided? The various only common our to the manner one of the about a ago be brain. THE PARKET (5) STOPPEN

CONSOLE

Salar Salar Salar

70000 Lu

Direct Station Selection of the content and accept not appear but appears but appeared but? Camp-ontaint to the empty of Conference and the defendant control and the engine of the conference of the transfer of the conference of th के साम रेपानरकेल्या है, रतनेका मधक्षा भागकार मार्थ

STATIONS COMPONED SI OF COMPANIA CONTROL COMPANIA CONTROL SALVERROGO DA ARE DE ÉTALIZAÇÃO CONTROL. ින්තය කළ සහ යන්න සහ දැනු ව්යාපත්ත සහභාවක්ක වන සහභාවක සහස් යන් සිත්ත්ත්වක්කයක් ඉස් හැක් ක්ලේක්. Indication of Camp-on and the control of the contro Through Landermann alderakon sont kant Consultation Hold Add-on Conference -Add-on Conference
Trunk Answer Any Station and the many with the like commence we are the last of the first design and the second second

e.a System අතුර යන්ට , රාත්ත අතුරුව අතුර දුර කුදුවන්වාට අතු කිසිම් එම මත්වර්ත්තම් බල්ලාදීම ලකුණුම් ලකුණු System of the Carlo and the Ca and street to the constant the continued with the surface of the continued.

APPENDIX A Page 12 of 14

1.552276 ct all

EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

asuredne i la company de la co

whenkardo - avathorated (Dadeles

The state of the s

XI. MODULAR DIAL PBX SERVICE - CLASS A - Continued PARE LENGTH MEDICAL CONTRACT

SPECIAL CONDITIONS - Continued

3. Capacities

a. Common Equipment

The maximum capacity of the common equipment is 400 station lines. The common equipment capacity of the common equipment may be reduced by the number of station lines required for use with additional features furnished in connection with the service.

b. Console

A maximum of two consoles for direct termination of trunk lines or three consoles for switched loop operation may be provided per systemation may Continued and and a continued

A console for direct termination of trunk lines and without a busy lamp or direct station selection field may be added to an installation of from one to three consoles for switched loop operation.

Each console is provided with an attendant's handset or a head telephone set with single head receiver at the customer's option(20 arrange about a Strates Augustina

When the station line capacity of the common equipment exceeds 200 more station lines, only up to 200 of the station lines may appear in the The first of the control of the state of the state of busy lamp field of the console.

The 200 station line capacity of the busy lamp or direct station selection field of the console may be exceeded by furnishing the "Module" Charges and Rates (5), above.

4. Cable

The charges and rates for consoles include 100 feet of cable between the associated common equipment and the console on the same or different premises ండకండే - పోరం ఏప్పార్ కొయ్యాల్లో చెప్పాన్ను ఉన్న చెప్పార్ల on the customer's continuous property.

Where facilities and operating conditions permit, cable in excess of 100% feet may be furnished on the same or different premises on the customer's continuous property, at a charge equal to the estimated cost of labor and CALL attack of the moterate action nonrecoverable material used. Sing roudures inco

5. Attendant-Controlled Dial Conference Arrangement apaceas with reward Mounts

The attendant-controlled dial conference arrangement allows the connection of up to five station lines in addition to the attendant. One tie line or o one trunk line may be substituted for one station line. An interexchange private line telephone service line may be furnished instead of a tie line, Where facilities and operating conditions permit.

Continued

CONTRACTOR OF THE CONTRACTOR .

e company

A NICKERSA APPENDIXANT Page 13 of 14

EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANCE SERVICE

XI. MODULAR DIAL PBX SERVICE - CLASS ACA ContinuedDALO - SOLVESS NOT SAID FAILUTON IX

SPECIAL CONDITIONS - Continued

STROTAL CORSTTONS - Continued

6. Basic Termination Charges on the bas A secretary to sagge at secretary

If at any time during the five-year period following the installation of the common equipment or consoles, such equipment is disconnected.

as a result of a request of the customer or disconnection of customer's telephone service in accordance with Utility's applicable tariffs, the customer shall pay to the Utility, upon demand, the basic termination charge specified in Charges and Rates, above, less a credit of one sixtieth (1/60) of said charge for each month between the date on which it was so disconnected. For the purpose of computing basic termination charges, the last equipment installed shall be considered to be the first equipment removed.

7. A system may be arranged with either Executive Override; circuits or account 12.0 .0 Executive Ringback circuits but not with both in the same system.

The number of Executive Override circuits or Executive Ringback circuits which may be provided in a system is subject to the limitations of the common equipment for that system.

These circuits are furnished only with those systems for which they are adapted. Other systems will require rearrangements to make them adaptable able for these circuits. Charges for these rearrangements are applicable in accordance with Schedule Cally U.C. Nor 28-To III. MOVE AND CHANGE to CHARGES. Other Equipment and Wiring to the second of the operations.

Continued

The second secon

APPENDIX A PageXIAVOITA LO COMPANY

"EXCHANGE TELEPHONE SERVICE

PRIVATE BRANCH EXCHANGE SERVICE

XI. MODULAR DIAL PBX SERVICE - CLASS, A. - Continued Man Continued Man Continued Conti

SPECIAL CONDITIONS - Continued

8. Changes in types of systems, Packages 1 and 2, and consoles may be made at charges listed below:

From Type I to Type II

From Package 1 to Package 2

From Type II to Type II

From Package 2 to Package I

Change to console of larger

or smaller capacity or change

in type of console.

9. Call Transfer of Outgoing Calls by Stations and the better better by the better by

This feature may be provided only on trunk lines arranged for "Call transfer" by stations". The trunk lines must have the capability of handling incoming and outgoing calls (two-way operation).

The number of trunk lines arranged with this feature in a system is subject to the limitations of the common equipment for that system.

This feature may be furnished only with those systems for which it is adapted. Other systems will require rearrangements to make them adaptable for this feature. Charges for these rearrangements are applicable in accordance with Schedule Cal.P.U.C. No. 28-T, II., Move and Change Charges. Other Equipment and Wiring.

10. The Timed Reminder Feature operates when an attendant-connected call has not been answered within a predetermined interval. The length of the interval must be selected by the customer, within the limitations of the system, prior to the installation of the feature in the system. Charges for changes in the length of the predetermined interval subsequent to the installation of the feature are applicable in accordance with Schedule Cal.P.U.C. No. 28-T. II., Move and Change Charges. Other Equipment and Wiring.

ALSSETS of the

Sevelence - energyana altegra