

Decision 99-03-007 March 4, 1999

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Michael A. Titell,

Complainant,

vs.

GTE California Incorporated (U-1002-C),

Defendant.

Case 96-09-035
(Filed September 23, 1996)

Carol L. Bjelland, Attorney at Law, for GTE
California Incorporated, defendant.
Michael A. Titell, for himself, complainant.

OPINION

1. Summary

This decision grants the complaint filed by Michael A. Titell ("Complainant") against GTE California Incorporated ("GTE") to the extent that Complainant seeks one-way extended area service (EAS) from the Trona Exchange to the Ridgecrest Exchange ("Trona EAS route"). This decision also grants GTE's request to recover its cost to implement the Trona EAS route via the limited exogenous factor mechanism adopted by the Commission in Decision (D.) 98-10-026. This proceeding is closed.

2. Background

Complaint Case (C.) 96-09-035 was filed on September 23, 1996. The complaint alleges that telephone subscribers in GTE's Trona Exchange must pay exorbitant rates to telephonically access providers of essential services located in

GTE's Ridgecrest Exchange.¹ The Trona Exchange serves approximately 859 residential lines and 314 business lines in San Bernadino and Inyo Counties.² The adjacent Ridgecrest Exchange serves approximately 14,780 residential lines and 4,461 business lines in Kern and San Bernadino Counties. The distance between the Trona and Ridgecrest rate centers is 19 miles, and calls between the two Exchanges are rated as intraLATA toll calls.³

Complainant asks for relief in the form of extended area service between the Ridgecrest and Trona Exchanges. Extended area service, or EAS, is a method that permits a telephone company to expand an exchange's local calling area to include another exchange. One-way EAS permits local calling in one direction between two exchanges. Two-way EAS allows local calling in both directions between two exchanges. EAS is not an optional service. Once authorized, EAS applies to all subscribers in an exchange, and an additional monthly service charge is assessed on all affected subscribers, including those who do not take advantage of EAS calling. The additional service charge, calculated under what is called the "Salinas formula," is intended to reimburse the telephone company for the lost toll revenue for calls between the exchanges.⁴

¹ Pursuant to Public Utilities (Pub. Util.) Code § 1702, a complaint that alleges unreasonably high rates may be filed if the complaint is signed by at least 25 actual or prospective customers of the utility. The instant complaint satisfied this requirement by including the signatures of over 300 actual or prospective customers of GTE.

² California is divided into ten Local Access and Transport Areas (LATAs), each containing numerous local telephone exchanges (exchanges). Each exchange has a point designated as a rate center which is used to measure the distance of calls. Calls originating and terminating within an exchange are local toll-free calls. Calls between rate centers less than 12 miles apart are local calls, while calls between rate centers more than 12 miles apart are toll calls.

³ "IntraLATA" describes services, revenues, and functions that relate to telecommunications originating and terminating within a single LATA.

⁴ Pacific Telephone and Telegraph Company (1970) 71 CPUC 160.

GTE filed its answer to the complaint on November 4, 1996. GTE states that it has done nothing wrong since it has at all times acted in accordance with its tariffs. GTE also contends that the complaint does not comply with Pub. Util. Code § 1702⁵ and Rule 9(a) of the Commission's Rules of Practice and Procedure ("Rule") which require a complaint to state a cause of action by alleging a violation of a law or Commission order or rule. Finally, GTE claims that Complainant's request for EAS between the Ridgecrest and Trona Exchanges constitutes preferential treatment which is forbidden by § 453.⁶

In considering customer complaints regarding EAS, the Commission has traditionally examined (i) whether the EAS route sought by the complainant is justified by a "community of interest" between the exchanges; (ii) whether there is substantial customer support for the EAS route and the accompanying increase in service charge; (iii) whether the costs to implement the EAS route are reasonable; and (iv) whether the EAS route can be implemented at reasonable rates.⁷ To determine the existence of a community of interest, the Commission has applied three tests: (1) the average number of calls per line each month between the complainant's exchange and the target exchange, with three to five deemed the minimum necessary to justify EAS; (2) the percentage of affected subscribers who make at least one call per month to the target exchange, with 70% to 75% deemed sufficient; and (3) whether most essential calling needs (police, fire, medical, legal, schools, banking, and shopping) can or cannot be met within subscribers' existing toll-free calling area.

⁵ All statutory references are to the Pub. Util. Code.

⁶ § 453 states in relevant part that "[n]o public utility shall as to rates, charges, services, facilities, or in any other respect, make or grant any preference or advantage...or subject any corporation or person to any prejudice of disadvantage."

⁷ See Bailey v. Calaveras Telephone Company, D.97-07-057, slip op. at 9, and cases cited therein (July 16, 1997).

If the community-of-interest tests appear to have been met, the Commission requires a survey of subscribers to determine their willingness to pay an additional monthly fee in order to have toll-free calls to the target exchange. As a final step in considering EAS, the Commission determines if the estimated cost of the proposed EAS route is reasonable, and whether the rates for the proposed EAS route would be unduly burdensome for any customer group.⁸

In response to rulings by assigned Administrative Law Judge ("ALJ") Kenney,⁹ parties submitted information relevant to determining whether there is a community of interest between the Trona and Ridgecrest Exchanges sufficient to justify either one-way or two-way EAS between the Exchanges. The information submitted by the parties indicated that the three community-of-interest tests appeared to have been satisfied for a one-way EAS route from the Trona Exchange to the Ridgecrest Exchange.¹⁰ Accordingly, the Commission's Telecommunications Division conducted a survey of Trona subscribers to determine their willingness to pay an additional monthly fee (based on the "Salinas formula") of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line in order to have toll-free calling to the Ridgecrest Exchange. The survey was mailed to all of GTE's accounts in the Trona

⁸ Pacific Telephone and Telegraph Company (1970) 71 CPUC 160, 164.

⁹ The rulings by the assigned ALJ were issued on May 23 and July 15, 1997.

¹⁰ GTE provided data on the calling patterns of its subscribers in the Ridgecrest and Trona Exchanges for the months of July 1996, October 1996, January 1997, and April 1997. This data showed that the Trona EAS route satisfies the first two community-of-interest tests; while information provided by the Complainant indicated that the Trona EAS route satisfies the third community-of-interest test. The information provided by GTE also showed that two other EAS routes relevant to this proceeding (i.e., two-way EAS between Trona and Ridgecrest and one-way EAS from Ridgecrest to Trona) do not satisfy the first two community-of-interest tests.

Exchange, with responses received from 43.5% of the accounts." Of those responding, 68% stated they are willing to pay an additional monthly fee for toll-free calling to the Ridgecrest Exchange.

A Prehearing Conference ("PHC") was held on October 26, 1998. During the PHC, parties (1) agreed there is no need to hold an evidentiary hearing; (2) acquiesced to the assigned ALJ's determination that the remainder of the proceeding should focus on the one-way EAS route from the Trona Exchange to the Ridgecrest Exchange ("the Trona EAS route"); and (3) acquiesced to the ALJ's determination that additional information was needed from the parties to resolve this complaint case, including information on whether most essential calling needs are met within Trona subscribers' existing toll-free calling area. Parties submitted the additional information in November 1998.

3. Position of the Parties

Complainant contends that the Trona EAS route is justified on the basis that subscribers in the Trona Exchange must call the Ridgecrest Exchange in order to telephonically access most providers of essential services, including the hospital, pharmacy, dentist, veterinary hospital, grocery store, banks, and the Department of Motor Vehicles. Complainant adds that because Trona residents lack public transportation, the telephone is their lifeline to the world.

GTE opposes the Trona EAS route for several reasons. To begin with, GTE claims that the Trona EAS route does not meet the first two community-of-interest tests regarding (1) the average number of calls per line each month between the

" A total of 919 surveys were mailed to 819 residential accounts and 100 business accounts. Responses were received from 365 residential accounts (46% of all residential accounts) and 35 business accounts (35% of all business accounts). The Trona EAS route was supported by 70% of the residential accounts responding to the survey, and by 51% of the business accounts responding to the survey.

complainant's exchange and the target exchange, and (2) the percentage of affected subscribers who make at least one call each month to the target exchange. GTE, however, provided no support for its assertion that the Trona EAS route fails the first two community-of-interest tests.

GTE also claims that the Trona EAS route does not satisfy the third community-of-interest test of whether Trona subscribers can make calls to essential service providers without incurring toll charges. According to GTE, Trona subscribers can place toll-free calls to most essential service providers, including E911, police and fire departments, schools, libraries, doctors, utilities, banks, and some local, state, and federal agencies.

GTE next claims that the imposition of mandatory EAS would be unfair to Trona subscribers who make few calls to Ridgecrest since it would substantially increase their telephone bills without any additional benefit. GTE notes that several Trona subscribers responding to the EAS survey commented that they don't support the Trona EAS route since it would benefit only those who place a high volume of calls to Ridgecrest.

GTE next claims that the survey of Trona subscribers conducted by the Commission shows a lack of support for the proposed EAS route. This is because only 43.5% of those who were mailed the survey bothered to respond to the survey. In GTE's view, the fact that most Trona subscribers did not respond to the EAS survey is a clear indication that a majority of affected subscribers do not support the proposed EAS route. Moreover, GTE believes that most of the respondents to the EAS survey were residential subscribers who stand to benefit from the proposed EAS route. GTE contends that the proposed EAS route should only be implemented if support for the EAS route is unambiguous and substantial across all customer groups.

GTE next argues that the intraLATA toll market within GTE's service territory has been opened to competition. As a result, numerous carriers are available to subscribers in the Trona Exchange for the provision of intraLATA toll service to Ridgecrest on either a presubscribed (i.e., 1+) or 10XXX dialing basis. GTE contends that implementing the Trona EAS route would impede competitive entry and customer choice by distorting price signals to competitors and subscribers alike.

GTE estimates that its "intrastate" costs to implement the Trona EAS route will be \$3,563 in nonrecurring costs and \$10,763 in annual recurring costs." GTE states that if it is ordered to implement the Trona EAS route, it should be allowed to recover its costs from the general body of GTE ratepayers ("ratepayers") via the limited exogenous ("LE") factor mechanism established by the Commission in D.98-10-026. Under the LE factor mechanism, GTE may recover Commission-mandated costs from ratepayers if such costs meet all nine of the "Z-factor" criteria set forth in D.94-06-011.

GTE notes that it is a defendant in two other EAS complaint cases before the Commission." If the Commission ultimately orders GTE to implement the EAS routes being sought in these other complaint cases, GTE asks for authority to aggregate its costs for the Trona EAS route with its costs to implement the other EAS routes for inclusion in the LE factor mechanism on a total-amount basis.

" GTE's estimated costs include GTE's net loss of revenues from the EAS route (i.e., GTE's toll revenues for calls from Trona to Ridgecrest less GTE's revenues from the monthly EAS rate of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line).

" The other two EAS complaint cases in which GTE is a defendant are C.97-12-036 and C.98-04-021.

4. Compliance with Pub. Util. Code § 1702 and Rule 9

GTE argues that the instant complaint should be dismissed for failure to specify any law, order, or rule violated by GTE as required by § 1702 and Rule 9.¹⁴ We disagree. As explained below, the proposed Trona EAS route meets our traditional criteria for EAS. Therefore, we conclude that GTE's existing rates for Trona subscribers are unreasonable, and thus unlawful under § 451.¹⁵ Accordingly, GTE's claim that the complaint must be dismissed for failure to specify a violation of law is rejected.¹⁶

5. Framework for Decision

In D.98-06-075, we stated that no new complaint cases seeking to establish EAS routes would be accepted beginning with the effective date of that decision. We also stated in D.98-06-075 that any EAS complaint cases then pending before the Commission would be decided based on the merits of each case, that is, based on whether the EAS route sought by the complainant meets our traditional criteria of: (i) whether the proposed EAS route is justified by a community of interest; (ii) whether there is substantial customer support for the EAS route; (iii) whether the costs to implement the EAS route are reasonable; and (iv) whether the rates for the proposed EAS route would be unduly burdensome for any customer group. Since this complaint case was pending at the time D.98-06-075 was issued, we shall decide this case based on the traditional criteria.

¹⁴ § 1702 and Rule 9(a) both state that a complaint may be filed which alleges "any act or thing done, or omitted to be done by any public utility...in violation...of any provision of law or of any order or rule of the Commission."

¹⁵ § 451 states: "All charges demanded...by any public utility...shall be just and reasonable. Every unjust or unreasonable charge...is unlawful." (emphasis added)

¹⁶ Since we find that GTE's existing rates for subscribers in the Trona Exchange are no longer reasonable, we reject GTE's claim that providing these subscribers with reasonable rates by granting the Trona EAS route would constitute a violation of § 453.

6. Determination of Whether Complaint Satisfies Traditional EAS Criteria

6.1 Community-of-Interest Criterion

The first criterion in considering a proposed EAS route is whether the EAS route satisfies all three community-of-interests tests.

The record in this proceeding shows that the proposed Trona EAS route satisfies all three community-of-interest tests. First, Trona subscribers place an average of 24 calls per line each month to Ridgecrest, which far exceeds the minimum of three to five calls deemed necessary to justify EAS.¹⁷ Second, 90% of Trona subscribers call Ridgecrest at least once per month,¹⁸ which easily exceeds the minimum of 70% to 75% deemed necessary to justify EAS. Finally, Complainant provided several examples of essential service providers (e.g., hospital and pharmacy) that Trona subscribers can telephonically access only by placing toll calls to the Ridgecrest Exchange. Although GTE showed that Trona subscribers can access many essential service providers on a toll-free basis, we find GTE's showing to be outweighed by the fact that the average Trona subscriber calls Ridgecrest 24 times per month, which indicates that Trona subscribers, as a whole, must call Ridgecrest in order to telephonically access a reasonable range essential service providers. Therefore, based on the evidence submitted by the Complainant and the calling patterns of Trona subscribers, we conclude that the Trona EAS route satisfies the third community-of-interest test.

¹⁷ The average business line in Trona originates 64 calls per month to Ridgecrest, and the average residential line originates 18 calls per month to Ridgecrest. Depending on the month, 55% to 65% of the business accounts in Trona make more than five calls per month to Ridgecrest; and 55% to 65% of residential accounts make more than five calls per month to Ridgecrest. (Comments of GTE filed November 13, 1998)

¹⁸ Depending on the month, approximately 89% to 94% of the business accounts in the Trona Exchange make at least one call to Ridgecrest; and approximately 88% to 92% of the residential accounts make at least one call to Ridgecrest. (*Id.*)

6.2 Customer Support Criterion

The second criterion for considering a proposed EAS route is whether a survey of affected subscribers shows substantial customer support for paying an additional monthly fee in order to have toll-free calls to the target exchange.

The survey of GTE's customers in the Trona Exchange conducted by the Commission's Telecommunications Division shows that 68% of those responding to the survey support paying an additional monthly fee for the proposed Trona EAS route. Based on this survey, we conclude that the proposed Trona EAS route satisfies the second criterion. We reject GTE's assertion that the survey cannot be relied upon as a measure of customer support for the proposed Trona EAS route since only 43% of those who received the survey bothered to respond to the survey. GTE presented no credible information to support its assertion that the level of support for the proposed Trona EAS route among those who did not respond to the survey is substantially different than the level of support among those who did respond to the survey.

6.3 Reasonable Cost Criterion

The third criterion for considering a proposed EAS route is whether the utility's estimated costs to implement the proposed route are reasonable.

GTE provided detailed information regarding its estimated costs to implement the Trona EAS route. The Complainant did not contest the information provided by GTE, and our own review of the information indicates that GTE has reasonably estimated its costs to implement the proposed EAS route. Accordingly, we find that GTE's estimated costs to implement the Trona EAS route are reasonable.

6.4 Reasonable Rates Criterion

The final criterion for considering a proposed EAS route is whether the rates for the EAS route would be unduly burdensome for any customer group.

GTE contends that the monthly rates for the Trona EAS route of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line would be unduly burdensome to Trona subscribers who make few calls to Ridgecrest. We agree that some Trona subscribers will not benefit from the proposed EAS route. However, information provided by GTE shows that most Trona subscribers will be better off with the Trona EAS route (i.e., will spend less for calls to Ridgecrest). Given this fact, we conclude that the relatively modest rates for the Trona EAS route are not so burdensome on those who make few calls to Ridgecrest to warrant the majority of Trona subscribers being denied the benefits of the Trona EAS route.

7. Implementation of the Proposed EAS Route

We find that the proposed Trona EAS route meets all of our traditional criteria for the establishment of an EAS route. Accordingly, we shall order GTE to (1) implement the Trona EAS route, and (2) charge its Trona Exchange customers monthly rates for this service equal to \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line. We shall also require GTE to notify its customers in the Trona Exchange about the Trona EAS route and the accompanying monthly service charges approved in this decision. To implement this notification, GTE shall within 30 days from the effective date of this decision prepare and serve a draft notice on the Commission's Public Advisor ("PA") for the PA's review and approval. GTE shall then serve the notice approved by the PA on its customers in the Trona Exchange by bill insert or direct mail at least 30 days prior to the date that GTE implements the Trona EAS route.

8. GTE's Recovery of its Costs to Implement the Proposed EAS Route

GTE estimates that its intrastate costs to implement the Trona EAS route will amount to \$3,563 in nonrecurring costs and \$10,763 in annual recurring costs. According to GTE, it should be allowed to recover these costs from the general body of GTE's ratepayers via the LE factor mechanism established by the Commission in D.98-10-026. Otherwise, GTE says it will be forced to bear the entire burden of implementing the Trona EAS route.

Under the LE factor mechanism, GTE may recover Commission-mandated costs from ratepayers if such costs meet all nine of the following "Z-factor" criteria set forth in D.94-06-011:

1. The event creating the costs at issue is exogenous.
2. The event causing the costs occurred after the New Regulatory Framework ("NRF") was adopted in late 1989.
3. The costs are clearly beyond management's control.
4. The costs are not a normal cost of doing business.
5. The event causing the cost changes has a disproportionate impact on local exchange carriers.
6. The costs caused by the event are not reflected in the economy-wide inflation factor ("GDPP") used in the annual NRF price cap proceeding.
7. The event has a major impact on the utility's overall cost.
8. The actual costs can be determined with reasonable certainty and minimal controversy.
9. The proposed costs are reasonable.

We find that GTE's costs to implement the Trona EAS route satisfy all nine Z-factor criteria." Therefore, GTE may use the LE factor mechanism to recover its intrastate jurisdiction costs to implement the Trona EAS route.

" Although GTE's cost to implement the Trona EAS route may at first seem small in comparison to GTE's overall costs, and thus not satisfy the seventh Z-factor criterion, GTE

Footnote continued on next page

9. Pub. Util. Code Section 311(g)

The draft decision of the ALJ in this matter was mailed to the parties in accordance with § 311(g) and Rule 77.1 of the Commission's Rules of Practice and Procedure. On February 22, 1999, GTE submitted comments on the draft decision. The Complainant did not submit comments on the draft decision. We have reviewed GTE's comments on the draft decision, and have incorporated these comments, as appropriate, in finalizing the decision.

Findings of Fact

1. Complaint Case 96-09-035 was filed on September 23, 1996, and was signed by more than 300 actual or potential customers of GTE.
2. Complainant alleges that telephone subscribers located in GTE's Trona Exchange must pay unreasonable rates to telephonically access essential service providers located in GTE's Ridgecrest Exchange. Complainant seeks relief in the form of an EAS route from the Trona Exchange to the Ridgecrest Exchange.
3. Pursuant to Pub. Util. Code § 1702, the Commission has jurisdiction to decide complaints which allege a utility charges unreasonably high rates if such complaints are signed by at least 25 actual or prospective customers of the utility.
4. During a telephonic PHC held on October 26, 1998, parties agreed there was no need to hold an evidentiary hearing in this proceeding.
5. In D.98-06-075, the Commission indicated that EAS complaint cases then pending before the Commission should be decided based on the traditional criteria of: (i) whether the proposed EAS route is justified by a community of interest between the exchanges; (ii) whether there is substantial customer support

will continue to incur these costs year after year. It is GTE's cumulative costs for the Trona EAS route that satisfy the seventh Z-factor criterion.

²⁰ D.97-10-053, 1997 Cal. PUC LEXIS 970, *2; D.96-03-014, 19967 Cal. PUC LEXIS 251, *2.

for EAS route and the accompanying increase in service charge; (iii) whether the costs to implement the EAS route are reasonable; and (iv) whether the EAS route can be implemented at reasonable rates.

6. This complaint case was pending at the time D.98-06-075 was issued.

7. In D.97-07-057, D.98-03-070, and D.98-03-076, the Commission indicated that a complaint which seeks to establish an EAS route should be granted if all of the following conditions have been met: (1) there are, on average, at least three to five calls per line each month between the complainant's exchange and the target exchange; (2) at least 70% to 75% of affected subscribers in the complainant's exchange make one or more calls per month to the target exchange; (3) most essential calling needs are not met within the complainant's existing toll-free calling area; (4) a survey of affected subscribers in the complainant's exchange shows that a majority of subscribers are willing to pay the additional fee in order to have toll-free calls to the target exchange; (5) the costs to implement the proposed EAS route are reasonable; and (6) the rates for the proposed EAS route are not unduly burdensome for any customer group.

8. Subscribers in the Trona Exchange place an average of 24 calls per line each month to the Ridgecrest Exchange, which exceeds the minimum of three to five calls deemed necessary to justify the proposed Trona EAS route.

9. Ninety percent (90%) of subscribers in the Trona Exchange call the Ridgecrest Exchange at least once per month, which exceeds the minimum of 70% to 75% deemed necessary to justify the proposed Trona EAS route.

10. Complainant stated under penalty of perjury that subscribers in the Trona Exchange can telephonically access the following providers of essential services only by calling the Ridgecrest Exchange: hospital, pharmacy, dentist, veterinary hospital, grocery store, banks, and the Department of Motor Vehicles.

11. The Commission's Telecommunications Division mailed a survey to all of GTE's accounts in the Trona Exchange. Of those responding to the survey, 68% stated they are willing to pay an additional monthly fee of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line in order to have toll-free calls to the Ridgecrest Exchange.

12. GTE estimated that its intrastate costs to implement the Trona EAS route would be \$3,563 in non-recurring intrastate costs and \$10,763 in annual recurring intrastate costs.

13. GTE provided detailed support for its estimated costs to implement the Trona EAS route.

14. In D.98-10-026, the Commission stated that GTE may recover Commission-mandated costs via the LE factor recovery if such costs meet all nine of the following criteria for Z-factor recovery set forth in D.94-06-011: (i) the event creating the cost is exogenous; (ii) the event causing the cost occurred after the NRF was adopted in late 1989; (iii) the cost is clearly beyond management's control; (iv) the cost is not a normal cost of doing business; (v) the event causing the cost has a disproportionate impact on local exchange carriers; (vi) the cost is not reflected in the economy-wide inflation factor used in the annual NRF price cap proceeding; (vii) the event has a major impact on the utility's overall cost; (viii) the actual costs can be determined with reasonable certainty and minimal controversy; and (ix) the proposed cost is reasonable.

Conclusions of Law

1. The Commission has jurisdiction to decide this complaint case pursuant to Pub. Util. Code § 1702.

2. There is no need to hold an evidentiary hearing in this proceeding.

3. This complaint case should be decided based on the traditional criteria of: (i) whether the proposed EAS route is justified by a community of interest

between the exchanges; (ii) whether there is substantial customer support for the EAS route and the accompanying increase in service charge; (iii) whether the costs to implement the EAS route are reasonable; and (iv) whether the rates for the proposed EAS route would be unduly burdensome for any customer group.

4. The number of essential service providers in the Ridgecrest Exchanges is sufficient to satisfy the third community-of-interest test which concerns whether or not most essential calling needs are met within the complainant's existing toll-free calling area.

5. The community of interest between the Trona and Ridgecrest Exchanges is sufficient to justify the proposed Trona EAS route.

6. The results of the survey of Trona subscribers, which showed that 68% of those responding to the survey are willing to pay an additional monthly fee in order to have toll-free calls to the Ridgecrest Exchange, demonstrates customer support that is sufficient to justify the proposed Trona EAS route.

7. GTE's estimated intrastate costs to implement the proposed Trona EAS route are reasonable.

8. Monthly rates for the proposed Trona EAS route of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line, are not unduly burdensome for any customer group.

9. The proposed Trona EAS route meets all of the Commission's traditional criteria for the establishment of EAS routes.

10. GTE's existing rates for calls from the Trona Exchange to the Ridgecrest Exchange are unreasonable.

11. GTE should file revised tariffs to implement the Trona EAS route.

12. GTE should be authorized to charge its customers in the Trona Exchange monthly rates for the Trona EAS route equal to \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line.

13. GTE's costs to implement the Trona EAS satisfy all nine Z-factor criteria.

14. GTE should be authorized to use the LE factor mechanism to recover its costs to implement the Trona EAS route.

15. GTE should notify its customers in the Trona Exchange about the Trona EAS route and the accompanying monthly service charges ordered by this decision. Any such notice should be reviewed and approved by the Commission's Public Advisor prior to GTE providing the notice to its customers.

16. The relief sought by Complainant should be granted.

17. The following order should be made effective immediately so that GTE's customers in the Trona Exchange may telephonically access essential service providers in the Ridgecrest Exchange via local calling as soon as practical.

O R D E R

IT IS ORDERED that:

1. The complaint of Michael A. Titell vs. GTE California Incorporated ("GTE") is granted.

2. Within 150 days from the effective date of this order, GTE shall file an advice letter in conformance with General Order 96-A that contains revised tariffs which (i) implement one-way extended area service ("EAS") from the Trona Exchange to the Ridgecrest Exchange ("Trona EAS route") no later than 180 days after the effective date of this order; and (ii) include a monthly extended area service charge for GTE's customers in the Trona Exchange of \$2.10 per residential line, \$1.05 per Lifeline customer, and \$6.35 per business line. The revised tariffs shall become effective 30 days after they are filed, unless suspended.

3. Within 30 days from the effective date of this order, GTE shall (i) prepare a draft notice that informs its customers in the Trona Exchange about the Trona EAS route and the accompanying monthly service charges approved in this order; and (ii) serve the draft notice on the Commission's Public Advisor ("PA") for the PA's review and approval. GTE shall serve the notice approved by the PA on its customers in the Trona Exchange by bill insert or direct mail at least 30 days prior to the date that GTE implements the Trona EAS route.

4. GTE may recover its intrastate costs to implement the Trona EAS route through the limited exogenous factor mechanism adopted by the Commission in Decision 98-10-026.

5. Case 96-09-035 is closed.

This order is effective today.

Dated March 4, 1999, at San Francisco, California.

RICHARD A. BILAS
President
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners