

JUL 23 1992  
ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
own motion into the matter of )  
adjusting the LATA boundary between )  
LATA 3 and LATA 9 for the Plymouth )  
and Placerville Exchange, El Dorado )  
County, CA. )

FILED  
PUBLIC UTILITIES COMMISSION  
JULY 22, 1992  
SAN FRANCISCO OFFICE  
I.92-07-030

ORDER INSTITUTING INVESTIGATION

The California Public Utilities Commission has received one formal complaint (Case (C.) 90-12-051) and numerous items of related correspondence concerning a request by the nominal complainant, Carl G. Schwarzer, to change the area code for telephone service in and around his residence from "209" to "916". This request is based upon Mr. Schwarzer's perception that changing the area code numbers will result in substantially lower telephone rates between the Plymouth Exchange, which serves the area in which his residence is located, and the contiguous Placerville Exchange, which he alleges to be the community of interest for himself and others similarly situated. As paragraph F(2) of the complaint alleges, "Since the residential area is already serviced by both 209 and 916 cables, we see no reason why we cannot have local option in selecting the service desired." (C.90-12-051, p.3.)

Formal proceedings were subsequently conducted by the Administrative Law Judge (ALJ) to address this complaint. At the first prehearing conference (PHC) held in Placerville on August 12, 1991, Mr. Schwarzer summarized the reasons for the request for relief presented in his complaint, as follows:

"A majority of the residents along Crystal Boulevard, and its contingent accesses from the intersection of Silva Drive and Crystal Boulevard to the end of Crystal Boulevard, are petitioning for a change in area code number from area code 209 to area code 916 for the following reasons:

- \*1. It is a nuisance to be required to dial eleven numbers rather than seven for just about every phone call.
- \*2. Avoid the additional cost of long distance charges.
- \*3. Have our names listed in a 916 area code phone book (very important for assisting visitors to find you).
- \*4. Establishment of a uniform telephone pricing schedule and to avoid the excessive rates of 'foreign service' for a 916 number.
- \*5. Improvement of service."

During the ensuing colloquy among the ALJ, Mr. Schwarzer, and the defendant, Pacific Bell (Pac Bell), at the two PHCs, it became clear that the purport of the complaint was that Mr. Schwarzer and certain other telephone customers in the Plymouth Exchange sought adjustment of the Local Access and Transport Area (LATA) boundary separating LATA 3 and LATA 9 in this vicinity.

LATAs are the byproduct of the divestiture of local telephone operating companies by American Telephone and Telegraph Company (AT&T) as part of the modified final judgment in United States of America v. Western Electric Co. et al. CA No. 82-0192 (U.S. District Court, D.D.C.). The primary purpose of that action was to separate the provision of local service, which is currently a monopoly franchised by the state, from the provision of interexchange service, which is a competitive service. In order to accomplish this division, AT&T and the United States Department of Justice (DOJ) created the concept of the LATA.

The LATAs themselves were designed by AT&T and the local telephone companies, and the proposed configurations were put out for public comment. DOJ then made certain changes and submitted the proposal to the District Court for approval. They were

designed on the basis of a number of criteria, among which the most basic was the design of the existing local network.

Each local network was constructed on the basis of an exchange, i.e., an area served by the telephone company's switch, as is the case with Pac Bell's Plymouth and Placerville Exchanges. Each exchange was assigned to a LATA on the basis of community of interest and other factors. In the instant example, the Plymouth Exchange was made a part of the Stockton LATA (LATA 9), whereas the Placerville Exchange was made a part of the Sacramento LATA (LATA 3). The former exchange is designated as having area code 209 and the latter as having area code 916, although the area codes themselves have no particular significance to the gravamen of C.90-12-051.

In the aftermath of the filing of this complaint the Commission, as well as various state and federal legislators and regulatory authorities, received a virtual blizzard of correspondence, principally urging adjustment of this LATA boundary. This reaction was catalyzed, in part, by the then-impending modification of the pre-divestiture Foreign Exchange (FX) rate structure pursuant to an application brought before this Commission by AT&T, Application 90-06-058, which we granted in D.91-03-059 (March 20, 1991). The essence of that decision was, with a few "grandfathered" exceptions, to permit AT&T to unbundle the rate elements for FX service between the Plymouth and Placerville Exchanges. As Finding of Fact 9 in D.91-03-059 recognizes, "The unbundling of voice grade private line service will result in significant increases in local channel charges to some customers." The increases turned out to be on the order of fifteen-fold, and the affected customers predictably reacted with shock and anger.

It also became clear during the PHCs that although the FX conversion issue was separate from that of adjusting the LATA

boundary,<sup>1</sup> relocating the LATA boundary nevertheless may afford both the rate relief and the service improvements sought by the complainant.

Under the U.S. District Court's Memorandum Order dated March 15, 1984, in CA No. 82-0192, all requests for the adjustment of individual LATA boundaries shall be presented to DOJ, which will consider the request with the requesting party and all other affected entities. If DOJ concurs with the request, it will submit a proposal for an appropriate order to the District Court. Although such requests are exclusively within DOJ's domain, it is DOJ's practice to pursue them only after the appropriate state Commission has decided that the change is in the interests of local ratepayers.

In accordance with this procedure, the Commission has already caused its Division of Ratepayer Advocates to conduct a survey concerning the proposal by the complainant in C.90-12-051 to move the LATA boundary between the Plymouth and Placerville Exchanges so that it will coincide with the El Dorado/Amador County line. This would effect a change of the telephone numbers and the telephone bills for about 1,400 customers living in the area between the two boundaries, such that calls to the Placerville calling area would become part of their local calling area. Calls between southern El Dorado County and the Plymouth area, however, would be at an average rate of approximately \$0.35 for a 5-minute call. Pac Bell estimates that reconfiguring the network for the proposed LATA boundary change would cost about \$8 million.

We institute this investigation proceeding to determine formally whether the LATA line adjustment under consideration would

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<sup>1</sup> The LATA boundary question is a matter of defining community of interest; the FX conversion issue results from changes in the structure of FX service and the change to cost-based rates, which this Commission strongly favors.

be in the public interest. If it would, the Commission will adopt a formal resolution to that effect for transmittal to, and action by, DOJ, in accordance with the U.S. District Court's March 15, 1984, Memorandum Order in CA No. 82-0192. Pac Bell will be named a respondent to this investigation.

A joint PHC in this proceeding and C.90-12-051 will be held in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, at 10:00 a.m., Thursday, August 6, before an ALJ to determine what further evidentiary proceedings shall be had. Among the issues to be considered at that PHC will be the disposition of C.90-12-051 by dismissal or consolidation with this proceeding, and disposition of the pending petitions to intervene in C.90-12-051.

**IT IS ORDERED that:**

1. An investigation is instituted to determine whether the existing Local Access and Transport Area (LATA) boundary between the Placerville and Plymouth Exchanges should be adjusted so that it will coincide with the El Dorado/Amador County line.

2. Pacific Bell is hereby named a respondent in this investigation.

3. The Executive Director shall serve a certified copy of this order on respondent Pacific Bell, and shall also serve copies of this order on Carl G. Schwarzer and each petitioner/intervenor in Case 90-12-051, as well as American Telephone and Telegraph Company, Communications of California, Inc., and all nondominant interexchange carriers authorized to provide interLATA service in California.

4. A joint prehearing conference shall be held in the Commission Courtroom, State Office Building, 505 Van Ness Avenue, San Francisco, California, at 10:00 a.m., Thursday, August 6, 1992,

I.92-07-030 ALJ/VDR/bwg

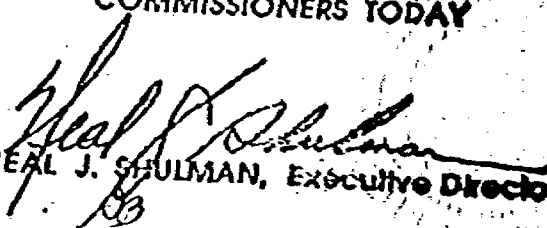
before an Administrative Law Judge. The purpose of the prehearing conference is to establish further proceedings in this investigation and C.90-12-051.

This order is effective today.

Dated July 22, 1992, at San Francisco, California.

DANIEL Wm. FESSLER  
President  
JOHN B. OHANIAN  
PATRICIA M. ECKERT  
NORMAN D. SHUMWAY  
Commissioners

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

  
NEAL J. SHULMAN, Executive Director