

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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to Executive Director

RESOLUTION NO. T-11099

EVALUATION AND COMPLIANCE
DIVISION

DATE: February 11, 1987

R E S O L U T I O N

Director

Numerical File

Alphabetical File

Accounting Officer

SUBJECT: Pacific Bell and all other Local Exchange Companies. Order authorizing a monthly allowance of \$0.25 for the maintenance of inside wire and continuation of a 50% discount for the installation of a jack for subscribers of Universal Lifeline Telephone Service. Resolution No. T-11099.

WHEREAS: PACIFIC BELL, by Advice Letter No. 15216, filed January 23, 1987, requests authority to provide a monthly allowance of \$0.25 for the maintenance of inside wire for subscribers of Universal Lifeline Telephone Service.

The \$0.25 allowance for the maintenance of inside wire and associated jacks has as its precedent an allowance of \$0.75 for the telephone set as ordered by the General Order for the Procedure for the Administration of the Universal Lifeline Service Act, G.O. 153, Section 3.3.2. The subscriber has the option of using the \$0.25 allowance to offset Pacific Bell's monthly maintenance charge, another repair provider's plan or to save the allowance to help pay for inside wire repair in the event it is necessary. By offering the subscriber the choice, no threat to competition is presented. Therefore we believe the \$0.25 allowance is reasonable.

There is an important issue that was not addressed by Pacific Bell's Advice Letter. General Order 153, Section 3.3.3 requires a 50% discount for the installation of a jack for qualified Lifeline subscribers. This discount reduces a significant financial obstacle toward the goal of universal service. Pacific Bell, in compliance with the FCC's decision to deregulate inside wire repair and inside wire/jack installation, ceased providing those tariffed services on January 1, 1987. Consequently, the 50% discount on jack installation has not been available to lifeline customers since January 1, 1987. Eliminating the discount on the installation of jacks is unfair to lifeline customers and is in violation of General Order 153. Therefore we believe this 50% discount should be reinstated.

It should be noted however, that this offering by Pacific Bell of a 50% discount for lifeline customers on a telephone jack installation, a competitive service, may be construed by some to be anti-competitive. We believe that this proposed offering is a necessary interim treatment until such time as we have reviewed the development of competition in the provision of inside wire to lifeline customers. This review will be considered as part of OII 84, our investigation of the effects of detariffing inside wire. We encourage all parties to that proceeding to make affirmative recommendations on the provision of inside wire to lifeline customers in a competitive environment. Pacific Bell informed the staff that out of a total of 14,000,000 telephone jacks installed for both business and residential service, less than 15,000 were installed for lifeline subscribers in 1986. We do not believe that such a relatively small number of installations on an interim basis constitutes anti-competitive behavior by Pacific. We believe that the Commission should continue to make the initial cost of accessing the telephone network as low as reasonably possible for low-income households.

The needs of the low-income households in California are such that we believe all local exchange companies should file similar Advice Letters which provide a \$0.25 allowance and a 50% discount for the installation of a telephone jack for lifeline subscribers.

The Universal Lifeline Fund will reimburse Pacific Bell and the other local exchange companies for the \$0.25 allowance and the 50% discount provided for the installation of a jack. It is estimated that the additional estimated cost to the fund will be approximately \$2.1 million. None of the companies will experience a change in cost or revenue.

The Commission finds that the rates, charges and conditions authorized in this resolution are just and reasonable and present rates, charges and conditions, as they differ from the rates, charges and conditions authorized in this resolution are for the future unjust and unreasonable; and good cause appearing,

IT IS ORDERED that:

(1) Pacific Bell shall provide an allowance of \$0.25 to all Universal Lifeline Telephone Service subscribers to be effective March 1, 1987.

(2) Pacific Bell shall reinstate the 50% discount on the installation of one modular jack per year for all qualified Universal Lifeline Telephone Service subscribers and they shall file an Advice Letter to this effect within 5 days of the effective date of this resolution. This subsequent Advice Letter shall become effective March 1, 1987.

(3) All other local exchange companies shall file Advice Letters by March 1, 1987 which provide an allowance of \$0.25 per month to all Universal Lifeline Telephone Service subscribers. The Advice Letter should also provide a 50% discount on the installation of one modular jack installation per year for lifeline subscribers. The Advice Letters will become effective on March 9, 1987.

(4) Pacific Bell and the other local exchange companies are authorized to claim from the Universal Lifeline Fund the \$0.25 allowance and the 50% discount provided for the installation of a jack.

(5) Schedule Cal P.U.C. No. A5, 6th Revised Sheet 345 and 5th Revised Sheet 350 of Pacific Bell's tariffs shall be marked to show that such sheets were authorized by Resolution of the Public Utilities Commission of the State of California No. T-11099.

The effective date of this resolution is today.

I hereby certify that the foregoing Resolution was duly introduced, passed and adopted at a regular meeting of the Public Utilities Commission of the State of California, held on February 11, 1987, the following Commissioners voting favorably thereon:

STANLEY W. HULETT
 President
 DONALD VIAL
 FREDERICK R. DUDA
 G. MITCHELL WILK
 Commissioners



Executive Director