

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Telecommunications Branch

RESOLUTION NO. T-12092  
June 17, 1988

R E S O L U T I O N

PACIFIC BELL, GTE CALIFORNIA, CONTINENTAL TELEPHONE COMPANY, ROSEVILLE TELEPHONE COMPANY, CITIZENS UTILITIES COMPANY OF CALIFORNIA, CP NATIONAL, SIERRA TELEPHONE COMPANY AND KERNAN TELEPHONE COMPANY. ORDER AUTHORIZING THE ABOVE NAMED UTILITIES TO ADOPT TRIALS AS ORDERED IN ORDERING PARAGRAPH 2 OF OII.86-08-008.

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HISTORY

The Centralized Credit Check System (CCCS) Committee, created by Decision 85-03-017, is comprised of Pacific Bell, GTE California, Continental Telephone Company, Roseville Telephone Company, Citizens Utilities Company of California, CP National, and Sierra Telephone Company (hereinafter jointly referred to as the CCCS Committee). Ordering Paragraph 2 of OII.86-08-008 ordered the CCCS Committee to

"...obtain customer input, input from utilities and of the staff to specify uniform or identical tariff rules for the establishing of credit and the requiring of deposits by telephone corporations subject to the jurisdiction of this Commission. The CCCS Committee established by Decision 85-03-017 shall have the responsibility for establishing the schedule and the conduct of such workshops and conducting trials of various proposals during the 2-year CCCS trial period now in progress. The Committee shall have sufficient flexibility to conduct experiments and trials of potential uniform tariffs as may be necessary to complete the CCCS trial now in progress. Any proposed experimental tariff should be presented to the Evaluation and Compliance Division for approval before it is put into effect."

The CCCS Committee has filed to implement the following tariff rules. Kerman Telephone Company is not a CCCS Committee member but has agreed to be a participant in Trial Group 2.

SUMMARY

Trial Group 1

Pacific Bell, GTE California, Sierra Telephone (partial)

A customer will not be required to pay a deposit to establish credit provided that customer

- o Does not have an unpaid final residence telephone bill that is delinquent, and
- o Has not had prior or concurrent residence telephone service temporarily or permanently disconnected for nonpayment or abandonment during the last 12 months of service.

Trial Group 2

Roseville Telephone Company, CP National, Kerman Telephone Company, Tuolumne Telephone Company, Sierra Telephone Company (partial),

A customer establishes credit by meeting one of each in Category I.A. and I.B., or under II or III as follows:

I. Customer qualifies under one of each in Categories A and B.

- A.
  - o Has current residential telephone service
  - o Had previous residential telephone service
  - o Owns the premise where service is to be connected
  - o Has one year of continuous employment
- B.
  - o Provides California Driver License number
  - o Provides California Identification card number
  - o Provides immigration and naturalization service number
  - o Provides valid United States Passport number
  - o Provides identification acceptable to the utility

II. Customer provides a satisfactory guarantor.

III. Customer provides the prescribed deposit as stated in Rule No.7.

Sierra Telephone Company will participate in both trials. Approximately 25% of its new customers will receive treatment under the conditions of Trial Group 1 while 75% of its new customers will receive treatment under the conditions of Trial Group 2.

Control Group

Continental Telephone Company

Currently using the "1 of 7" credit screen. See Appendix "A".

Citizens Utilities Company of California

Currently using the "3 of 9" credit screen. See Appendix "B".

BACKGROUND

In OII.86-08-008, the CCCS Committee was allowed to perform trials in order to present a recommendation on uniform credit tariffs to the Commission. The CCCS Committee created the above arrangement to determine the effectiveness of deposits. To protect utilities and consumers alike, the trial is designed to test several variables. As a safeguard, two companies will act as a control group and Sierra will administer both trials. This trial will provide the opportunity to contrast the effects of large local exchange companies against small local exchange companies, in person applications for service against applications taken over the phone, and the procedures of the new trials (Trial Groups 1 and 2) against the previous procedures. At the conclusion of the trial, the CCCS Committee will be able to submit a recommendation regarding uniform credit and deposit tariffs which has considered the effects to all local exchange companies and its customers.

DISCUSSION

Pacific Bell by Advice Letter No. 15401 and GTE California by Advice Letter No. 5136 request authority to implement Trial 1. Roseville Telephone Company by Advice Letter No. 262, CP National by Advice Letter No. 240, Tuolumne Telephone Co. by Advice Letter No. 135 and Kerman Telephone Company by Advice Letter No. 166 request authority to implement Trial 2. Sierra Telephone Company by Advice Letter No. 128 and Sierra Telephone Company (formerly Mariposa Telephone Company) by Advice Letter No. 116 requests authority to implement Trials 1 and 2.

### Establishment of Credit

#### Trial 1

Trial 1 no longer requires an applicant to establish credit. An initial deposit will only be required if an applicant has (1) an unpaid final residence telephone bill or (2) has had prior or concurrent residence telephone service temporarily or permanently disconnected for nonpayment or abandonment during the last 12 months of service.

Trial 1 will allow new customers to be connected to the network in a quick and efficient manner. The time to apply for service will be shortened. The reduction in time to apply for service benefits not only the customer but also the utility which will realize an expense savings. Pacific Bell believes that the expense savings will be greater than the increase in net bad debt. Pacific Bell will report to this Commission on the results of the expense savings along with any increase in net bad debt. GTE California basically already has this system in place, however, in the interest of uniformity the utility will file tariffs to implement Trial 1. GTE California will also track net bad debt and submit that data to this Commission. Sierra Telephone will report the results of the accounts of customer applications which were accepted under Trial 1. Sierra will also be reporting the results of accounts of customer applications accepted under Trial 2. This comparison of this data will greatly assist the CCCS Committee in addition to the Commission in determining the effects of both Trials 1 and 2.

#### Trial 2

Establishment of credit under Trial 2 basically resembles the current tariffs of Roseville, Sierra and Kerman with the following differences:

1. The applicant needs to be continuous employed for only one year as opposed to the current two years.
2. The applicant needs to provide the utility with a form of identification to allow the utility to administer the tariff provisions as set forth in Ordering Paragraph 6 of Decision 85-03-017.

CP National currently uses the credit screen that Pacific employs.

### Deposits

Trial Groups 1 and 2 have requested a uniform deposit rule. The amount for a utility in either trial should be equal to twice the average monthly billing for that particular utility's residence accounts.

### Lifeline

Both trials, but especially Trial 1, will provide a benefit to the Universal Lifeline Telephone Service (ULTS) Fund. Local exchange companies can receive compensation from the ULTS Fund for waived deposits only if the applicant does not establish credit. Because the establishment of credit rules are being changed making it easier to avoid paying a deposit, the local exchange companies will be requiring less compensation from the ULTS Fund.

### Existing Deposits

Pacific Bell has requested to refund existing deposits (deposits currently being held) within 90 days of the effective date of this resolution.

### Trial Length

The CCCS Committee has requested a 12 to 18 month trial period. Because the effects this credit/deposit policy will take time to emerge, it appears appropriate to let the trial run for 18 months. Reports should be sent to the Commission detailing the effects of both Trials 1 and 2 every six months.

If the data suggests that the trial should not run for the planned 18 month period, the Commission may stop the trial by another resolution.

### FINDINGS

1. OII.86-08-008 ordered the CCCS Committee to conduct experiments and trials of potential uniform tariffs.
2. The purpose of the trial is to provide the CCCS Committee with data in order that it may make a recommendation to this Commission regarding uniform establishment of credit and deposit tariffs.
3. Pacific Bell, GTE California and Sierra Telephone (partial) request authority to participate in Trial 1.
4. Roseville Telephone Company, CP National, Kerman Telephone Company, Tuolumne Telephone Company and Sierra Telephone Company (partial) request authority to participate in Trial 2.

5. Continental Telephone Company and Citizens Utilities Company of California will be the control group by not changing their tariffs.

6. Pacific believes that it may receive a financial benefit in performing Trial 1 due to the expense savings by not having an establishment-of-credit procedure.

7. Applicants for telephone service will be able to receive service in a more efficient manner.

8. Trial Groups 1 and 2 request a uniform deposit rule of twice the average monthly billing for that particular utility's residence accounts.

9. The Universal Lifeline Telephone Service Fund will benefit because the request for deposit compensation should be reduced.

10. Pacific Bell has requested refunding existing deposits within 90 days of the effective date of this resolution.

11. The CCCS Committee has requested a trial length of 12 to 18 months.

IT IS ORDERED that:

(1) Pacific Bell, GTE California and to a limited extent Sierra Telephone Company shall participate in Trial 1.

(2) Roseville Telephone Company, CP National, Tuolumne Telephone Company, Kerman Telephone Company and to a limited extent Sierra Telephone Company shall participate in Trial 2.

(3) Pacific Bell's Advice Letter No. 15401, GTE California's Advice Letter No. 5136, Roseville Telephone Company's Advice Letter No. 262, CP National's Advice Letter No. 240, Tuolumne Telephone Company's Advice Letter No. 135, Kerman Telephone Company's Advice Letter No. 166, Sierra Telephone Company (formerly Mariposa Telephone Co.)'s Advice Letter No. 116, and Sierra Telephone Company's Advice Letter No. 128 shall be marked approved by Resolution T-12092. The effective date of the tariff revisions is July 1, 1988.

(4) The CCCS Committee shall file a report every 6 months with the Commission Advisory and Compliance Division detailing the effects of the trials. Relevant data shall include but is not limited to net bad debt and the expense savings of not performing the establishment-of-credit procedure.

(5) The utilities participating in Trial Groups 1 and 2 shall use a uniform deposit rule. Any deposit taken shall be equal to twice the average monthly billing for that particular utility's residence accounts.

(6) Pacific Bell shall issue refunds of existing deposits within 90 days of the effective date of this resolution.

(7) The trial period shall be from July 1, 1988 until December 31, 1989.

(8) The effective date of this resolution is today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 17, 1988. The following Commissioners approved it:

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



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Executive Director

## APPENDIX A

"1 of 7"

Each applicant for telephone service will be required to establish credit, which will be deemed established upon qualifying under any one of the following:

1. Applicant is a customer of the utility or any other telephone utility in California, for a similar class of service and has paid all bills for service without having been temporarily or permanently discontinued for nonpayment thereof, for a period of twelve consecutive months immediately prior to the date of the present application.
2. Applicant has been a customer of the utility or any other telephone utility in California in the last two years and during the last twelve consecutive months that service was provided has paid all bills for such service, without having been temporarily or permanently discontinued for nonpayment thereof.
3. Applicant is the owner of the premises upon which the utility is requested to furnish service, or is the owner of other local real estate; in the case of business service, real estate must be business property.
4. Applicant for residence service has been continuously employed by his present employer (including military) for a period of two years or more, or is retired on pension.
5. Applicant furnishes a guarantor satisfactory to the utility to secure payment of bills of applicant for telephone service requested in the application.
6. Applicant's credit is otherwise established to the satisfaction of the utility.
7. Applicant makes the deposit prescribed in Rule No. 7.



## APPENDIX B

"3 of 9"

A deposit or other form of security will not be required provided the applicant qualifies for three of the nine Credit Application criteria listed following and verification can substantiate that the criteria have been met.

The applicant:

- Owns a home in California
- Owns a car or truck registered in California
- Has been continuously employed two or more years with current employer
- Has an authorized major national credit card acceptable to the Utility
- Has an authorized major oil company credit card acceptable to the Utility
- Has another credit card or charge account acceptable to the Utility
- Has a bank checking account
- Has a savings account with a bank, savings and loan company or a credit union
- Is 50 years of age or older