

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications Branch

RESOLUTION NO. T-13022
September 14, 1988

R E S O L U T I O N

PACIFIC BELL. EXECUTIVE AUTHORITY TO WITHDRAW THE HIGH CAPACITY DIGITAL SERVICE - TYPE A LOCAL DISTRIBUTION CHANNEL AT 1.344 MBPS (SCHEDULE Cal. P.U.C. NO. B-9), FOR WHICH THERE ARE NO CUSTOMERS, ON LESS THAN REGULAR NOTICE.

SUMMARY

This Executive Director Action Resolution authorizes Pacific Bell to withdraw the High Capacity Digital Service (HCDS)- Type A Local Distribution Channel (LDC) at 1.344 Mbps from its private line services, for which there are no customers, on less than regular notice. Currently, Pacific Bell's HCDS - Type A LDC at 1.544 Mbps is available as an alternative, providing the same capabilities, and is tarified at the same rates and charges.

BACKGROUND

By Advice Letter No. 15451, filed on September 8, 1988, Pacific Bell seeks authority to withdraw the High Capacity Digital Service - Type A Local Distribution Channel at 1.344 Mbps (herein referred as 1.344 Mbps service) on less than regular notice.

Currently, Pacific Bell offers in its tariff a service similar to the 1.344 Mbps service called HCDS - Type A LDC at 1.544 Mbps (herein referred as 1.544 Mbps service.) These two services provide the same transmission capabilities (1.544 Mbps) to the customer, require the same facilities from Pacific Bell, and, therefore, have the same rates and charges.

The difference between the two services is in the technical formatting performed by the customers to suit their usage needs. The 1.344 Mbps service is not "channelized" (deriving several communications channels from one transmission path), while the 1.544 Mbps service is. One typical use of the 1.344 Mbps service is in the offering of video services. The customer, however, can receive the required transmission capabilities by ordering the 1.544 Mbps service. Currently, there are no customers for the 1.344 Mbps service.

DISCUSSION

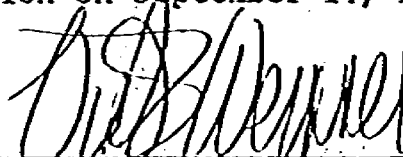
Pacific Bell requests authority to withdraw the 1.344 Mbps service because there are no customers or demand for the service. The service can be viewed as one of the technical specifications of the 1.544 Mbps service in that it specifies to the customer one possible use of the 1.544 Mbps transmission path. Customers desiring the capabilities provided by this service can order and have ordered Pacific Bell's 1.544 Mbps service. For these reasons, we will allow Pacific Bell to withdraw the 1.344 Mbps service on less than regular notice.

IT IS ORDERED that:

(1) Authority is granted to withdraw the High Capacity Digital Service - Type A Local Distribution Channel at 1.344 Mbps effective September 29, 1988, on less than regular notice.

(2) All tariff sheets filed under Advice Letter No.15451 shall be marked to show such sheets were authorized by resolution of the Public Utilities Commission for the State of California Resolution No. T-13022.

I, the Executive Director, certify that this Resolution was adopted by Executive Action Resolution on September 14, 1988.



Executive Director

Res. T-13023

State of California

Public Utilities Commission
San Francisco

C-4

M E M O R A N D U M

Date : September 23, 1988
To : *[Signature]*
From : *[Signature]* Victor Weisser, Executive Director

Subject : Approval Process for 1989 Budget of the Deaf and Disabled Telecommunications Program

RECOMMENDATION

The Commission should require the DEAF Trust Administration Committee of the Deaf and Disabled Telecommunications Program to submit to the Commission a proposed budget for 1989. The proposal should be reviewed by CACD prior to Commission approval.

BACKGROUND

The Commission opened I.87-11-031 in order to review numerous issues relating to the administration of its program to provide telecommunications services to the deaf and disabled. One of the issues under consideration is how to prevent fiscal mismanagement or abuse of funds supporting the program.

DRA, on September 6, 1988, filed a motion with the Commission requesting adoption of a settlement reached by the parties to the proceeding. The settlement proposes that future program budgets be reviewed and approved by the Commission. This provision seeks to assure appropriate use of program funds through Commission oversight of annual budgets. The ALJ Division anticipates that an order adopting or rejecting the settlement will be before the Commission in December 1988, which is too late for the 1989 budget review.

OPTIONS FOR REVIEW OF THE 1989 BUDGET

Since the settlement will not be addressed by the Commission in a formal order until December, the Commission will not have ordered a budget review process prior to the need for approval of the 1989 budget.

Pending its consideration of the budget review process in the proposed settlement, the Commission has two options for a review of the 1989 budget.

- (1) Utilize the process proposed by the parties in the settlement. In order to facilitate this process for the 1989 calendar year budget pending the resolution of

this issue in I.87-11-031, an interim procedure is recommended in the attached resolution.

(2) Utilize current ratemaking procedures for any utility operating budget. The procedures would be implemented in a regular review of the utilities' operations such as a general rate case.

The arguments in favor of option one (1) are:

Option 1 provides an incentive for utility participants to develop a reasonable budget in advance. In the past, the DEAF Trust Administrative Committee has been responsible for reviewing and approving this budget. Although we are unaware of any mismanagement of program funds, the membership of the Committee has not included CPUC staff or public members who are familiar with Commission expectations regarding the use of funds.

Pre-review of the budget could be critical since rate cases are few and far between. So far, no review of Deaf Program budgets has been undertaken in a rate case because of the many larger dollar priorities staff must review.

Finally, Option 1 is responsive to legislation requiring the CPUC to assure efficient operation of the Deaf Program.

The arguments in favor of option two (2) are:

Option 1 is weak procedurally. It gets the Commission actively involved in managing the Trust (and the programs) rather than regulating the utilities which were directed by the state legislation to provide the programs and services.

For example, will the CPUC staff "redline" budget items, or set spending caps? Who will decide if staff has a major disagreement with the Trust or the operating companies; there is no ALJ or hearing in the matter. If the issue is referred to settlement in a workshop, the majority of participants will be the program and service recipients (the deaf and disabled consumers) and the program and service providers (the operating companies).

Does the CPUC set the budget or determine what is reasonable and prudent?

If indeed there is unreasonableness or imprudence discovered after the fact (and after the Commission has ratified the budget) is the Commission's role limited after having signed off on the budget?

RECOMMENDATIONS

I recommend that the Commission undertake such an active review as option one (1) for the 1989 budget. In the past, the DEAF Trust Administrative Committee has been responsible for reviewing

and approving this budget. Moreover, the membership of the Committee has not included CPUC staff or public members who are familiar with Commission expectations regarding the use of funds. Accordingly, I believe Commission approval of the budget is a safeguard for assuring that funds are spent in an effective manner.

Neither DRA nor CACD expect Commission review of the 1989 budget to cause any controversy: parties to the settlement have informally agreed that the fund's 1989 budget should be subject to the review process anticipated by the settlement.

I recommend the process for review of the 1989 budget be as follows:

1. The Commission should send a letter to the DEAF Trust Administration Committee requesting it to submit to the Commission its proposed program budget for 1989. A draft letter is attached;
2. The submittal by the Committee should be served on all parties to I.87-11-031;
3. CACD will have primary responsibility for reviewing the proposed budget, and making appropriate recommendations to the Commission regarding its reasonableness. CACD will hold workshops to receive information and analysis of the proposed budget and to provide a forum for interested parties to comment on the proposed budget;
4. CACD will draft a resolution which will be listed on a Commission agenda in December 1988. CACD will state its review process by which it determined the budget to be reasonable, if that is the case, or what it determines to be unreasonable, as appropriate.

CONCLUSION

In order to promote appropriate use of Deaf Trust funds, the Commission should undertake review of the 1989 budget of the DEAF Trust Administration Committee. The budget should be subject to Commission approval by way of resolution.

Attachments (2)

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

D R A F T

September 28, 1988

Mr. John Mott, Chairman
D.E.A.F. Trust Administrative Committee
Pacific Bell
140 New Montgomery Street, Room 2010
San Francisco, CA 94105

Dear Mr. Mott:

Attached you will find a copy of a resolution (T-13023) passed by the Commission at its September 28, 1988, conference, in which the D.E.A.F. Trust Administrative Committee is ordered to submit to the Commission and to the parties in I.87-11-031 a proposed budget for 1989 for the Deaf and Disabled Telecommunications Programs administered by the Trust.

The purpose of this submittal is to allow the Commission an interim opportunity to review the Trust's proposed 1989 budget in calendar year 1988 prior to a final decision in I.87-11-031 establishing the formal review process for future D.E.A.F. Trust budgets.

Please submit your proposed 1989 budget to Mr. Bruno A. Davis, Director, Commission Advisory and Compliance Division, by October 14, 1988. Please serve a copy of this budget on all parties to I.87-11-031, and request that they submit written comments to Mr. Davis by November 7, 1988, or attend a Workshop to discuss the proposed budget called by the CACD staff on Wednesday, November 9, 1988, at 10:00 AM in room 5305 of the Commission's Offices at 505 Van Ness Avenue, San Francisco.

Should you have any questions on this matter please call Mr. Richard Fish at (415) 557-2401.

Very truly yours,

TOR
VIC WEISSER
Executive Director