

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-13072
Telecommunications Branch June 21, 1989

R E S O L U T I O N

RESOLUTION T-13072. GTE CALIFORNIA. ORDER AUTHORIZING
GTE CALIFORNIA ADVICE LETTER NO. 5214 TO REVISE THE
DEPOSIT AMOUNT TO REESTABLISH CREDIT.
BY ADVICE LETTER 5214, FILED ON May 18, 1989.

SUMMARY

This resolution authorizes GTE California's (GTEC) request to clarify and standardize its rules for assessing the amount of deposit required for the reestablishment of credit by GTEC customers whose service was discontinued for nonpayment of a bill.

BACKGROUND

By its Resolution T-11078 (November 14, 1986), the Commission approved GTEC's Advice Letter 5040, filed in compliance with Commission Decision 85-03-017, Ordering Paragraph 5. This Decision directed the seven largest local exchange companies, including GTEC, to form the Centralized Credit Check System (CCCS) Committee and specifically, to file revised tariffs to correspond with the CCCS trial procedures. The goal of the CCCS Committee is to reduce the level of bad debts that are recovered by telephone utilities in the form of uncollectibles from ratepayers. In D. 85-03-017, Commission concluded that telephone utilities should have uniform tariff rules on establishing credit and requiring deposits.

GTEC Advice Letter 5040 adopted the CCCS Committee deposit rules for new customers found by the CCCS to have an unpaid bill with a previously-serving CCCS participating utility. The new serving utility may require a deposit not less than an amount equal to twice the average monthly billing for the utility's residence accounts, up to 75% of the balance due to the previously serving utility. Advice Letter 5040 did not revise GTEC's deposit rules for former GTEC customers.

PROTESTS

No protests have been received by CACD.

DISCUSSION

GTEC requests authorization to revise its tariff to clarify and standardize the amount of deposit required for new service to be provided to former GTEC customers whose service was discontinued for nonpayment of bill. GTEC seeks to adopt the CCCS minimum deposit applicable to new GTEC customers for former GTEC customers seeking new service. The resulting deposit rules for the reestablishment of credit will be comparable to those of the other two largest local exchange companies, Pacific Bell and CONTEL.

This revision is estimated to affect approximately 28,000 GTEC customers monthly who are reconnected following discontinuance of service. Currently, the maximum deposit which may be required for reconnection is "a sum equal to the (customer's) average periodic bill." This language is difficult to administer, since the time period for averaging is not defined and the treatment of unpaid final bills is not specified. The proposed revision would set the minimum deposit at twice the average monthly billing for comparable GTEC accounts (residence or business). The average GTEC monthly residence billing is \$56.00, and the average GTEC monthly business billing is \$163.00. Under the proposed revision, the minimum deposit mandatory to reestablish credit with GTEC would be \$112.00 and \$326.00, respectively, plus the payment of any unpaid balance. For comparison, the CCCS Committee reports that the average (residential) Unpaid Closed Account (UCA) of CCCS-participating utilities in 1988 was \$278.40, up 13.5% over 1987. With the revised minimum deposit, GTEC's revenue loss risk would be meaningfully mitigated relative to the average loss. The CCCS Committee has found that 67% of 1988 UCA's were for less than twelve months of service. Deposits would continue to be refunded after twelve months of continuous service and payment (or when service is voluntarily discontinued).

In Decision 85-03-017, the Commission also concluded that the tariff rules and operating procedures of telephone utilities relating to establishing credit may be modified without the bill insert notice to present customers otherwise required by Public Utilities Code Sect. 454 (a).

GTEC has requested, in compliance with Section IV.B of General Order 96-A, to make this filing effective 40 days after the date filed. Public notification has been made by GTEC as required by Section III.G of General Order 96-A by supplying copies of this filing to other interested utilities and parties.

CACD recommends that the Commission authorize Advice Letter No. 5214.

FINDINGS

1. Uniform tariff provisions for reestablishment of credit will minimize confusion in the application of such tariff provisions.

2. The proposed tariff provisions are consistent with Commission Decision 85-03-017.

3. The estimated effect of the proposed tariff is reasonable in view of the amount of the average Unpaid Closed Account of the seven largest local exchange companies participating in the CCCS trial.

4. Decision 85-03-017 waived the requirement that bill insert notices be given for changes to tariffs or operating procedures relating to establishing credit.

5. GTEC has requested that this filing become effective on regular notice as prescribed by Section IV.B of General Order 96-A.


THEREFORE, IT IS ORDERED that:

(1) The revisions requested in General Telephone Company of California's Advice Letter No. 5214 are authorized to be made effective on June 27, 1989.

(2) All tariff sheets filed under Advice Letter No. 5214 for General Telephone Company of California shall be marked to show that such sheets were authorized by Resolution of the Public Utilities Commission of the State of California No. T-13072.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 21, 1989. The following Commissioners approved it:

G. MITCHELL WILK
President
FREDERICK R. DUDA
STANLEY W. HULETT
JOHN B. OHANIAN
PATRICIA M. ECKERT
Commissioners



Executive Director