

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION  
Telecommunications Branch

RESOLUTION NO. T-13086  
August 3, 1989

## R E S O L U T I O N

PACIFIC BELL. ORDER AUTHORIZING THE EXTENSION OF PROVISIONAL TARIFF PROVIDING OPTIONAL PAYMENT PLANS FOR CENTREX, AIRPORT INTERCOMMUNICATING, AND ELECTRONIC TANDEM SWITCHING SERVICES AS REQUESTED IN ADVICE LETTER NO. 15577.

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SUMMARY

This resolution authorizes an extension of Pacific Bell's (Pacific) provisional tariff schedules providing optional payment plans for Centrex, Airport Intercommunicating, and Electronic Tandem Switching Services. The existing two year provisional optional payment tariffs, authorized in Resolution No. T-12033, expire on August 10, 1989. The extension requested and granted is for one year to August 10, 1990, or until the Commission approves Pacific's Centrex Flexible Pricing Plan tariffs if earlier.

The optional payment plans consist of a Fixed Rate Plan and an Advance Payment Plan. The Fixed Rate Plan allows the customer to obtain a fixed monthly rate for a period of from one to ten years by paying a 3% premium over tariff rates in effect at the time of the agreement. The Advance Payment Plan permits the customer to fully or partially prepay the monthly rate in the Fixed Rate Plan. These optional payment plans are necessary for Pacific to remain competitive with PBX and key systems companies who already provide multiple payment plans.

The estimated annual revenue effect is minimal.

No protests or comments were received during the 20 day protest period following the filing of Advice Letter No. 15577.

## BACKGROUND

Pacific Bell filed Advice Letter Number 15577 on June 30, 1989, to request authority, under Section 454 of the Public Utilities Code, to extend its provisional tariff schedules providing optional payment plans for Centrex, Airport Intercommunicating Service (AIS), and Electronic Tandem Switching (ETS) Services. This filing revises Schedule Cal. P.U.C. No. A9, Central Office Services, 9.1.2 Centrex Payment Plans.

AIS and ETS are central office features. AIS is a centrex-like service offered only at designated airports to businesses engaged in providing passenger and cargo services at airports. ETS is a feature that can be added to central office centrex or AIS service to provide cost controls to customers.

The existing optional payment plan tariffs were authorized on July 29, 1989, in Resolution No. T-12033. The two year provisional tariffs became effective on August 10, 1987, and will expire on August 10, 1989, unless extended by the Commission.

The purpose for requesting an extension of the provisional offering is to ensure that Pacific Bell has a payment plan available for its customers. Extending this provisional tariff would reduce the needs for contracts and special service arrangements.

Pacific has submitted a proposal on Centrex Flexible Pricing to the Commission staff for review. The Commission, in Decision 88-09-059 (Phase I of the O.I.I. on Regulatory Framework for Local Exchange Carriers), provided guidelines for submitting such a tariff. This tariff, if approved by the Commission, would contain optional payment plans in it, and would replace the present optional payment plans provided under the existing provisional tariff for new customers.

Today, Pacific's Centrex, AIS, and ETS Services compete with unregulated PBX and key system vendors who offer multiple payment options and financing plans. With the optional payment plans Pacific is allowed to become more competitive because it can offer payment options similar to its competitors. Without the payment plan Pacific can only offer monthly payment plans that are subject to change with time through surcharges or rate changes.

A brief description of the plans follow;

### Fixed Rate Plan

The Fixed Rate Plan is a payment option that permits a customer to pay fixed monthly rates (current tariffed rate for Centrex and AIS lines plus a premium) for a specified period of time of not less than one nor more than ten years. The premium is calculated by multiplying 3% times the average price paid per line,

including the access line, and all features, but excluding End User Common Line charges. All Centrex lines (i.e. primary, semi-restricted, etc.) in the same Centrex system must be covered under the Fixed Rate Plan and the Advanced Payment Plan. Both payment plans for the same Centrex system must have the same expiration date. No rate increases will be imposed on subscribers during the contracted payment period; however, rate reductions for these services will be passed on to subscriber. The Fixed Rate Plan can be extended by signing another agreement, but the new agreement will be at the prevailing tariffed monthly rates plus premium tariff rate. A termination charge will apply if the customer cancels the Fixed Rate Plan prior to expiration of the agreement.

#### Advance Payment Plan

The Advance Payment Plan is an optional payment plan that permits customers to fully or partially prepay for service, in lieu of paying tariffed monthly recurring rates, for a term of not less than one year nor more than ten years. The Advanced Payment Plan amount is calculated on the monthly rates established for the Fixed Rate Plan using a present worth advance payment factor. Under this plan, the customer is not required to pay additional payments nor be entitled to refunds if the advance payment factor or the tariff rates are subsequently changed. No refund or termination charge is applied upon termination of this plan.

A minimum of 25 percent to a maximum of 100 percent of all Centrex lines may be prepaid. If 100 percent of the Centrex lines have been prepaid, the customer may also prepay other features associated with Centrex such as touchtone, automatic callback, call forwarding, conference calling, etc. If less than 100 percent of the lines are prepaid, then these extra features can not be prepaid and will be billed at the prevailing monthly rates or may be covered by a Fixed Rate Plan.

Conditions applicable to both plans are:

Nonrecurring charges (i.e. additions, deletions moves and changes, etc.) are not included under either plan. Prevailing nonrecurring charges apply throughout the length of the plan. The End User Common Line charge (i.e. FCC access charge) is not included in the option payment plans.

Centrex dormitory service is not eligible for either service plan as it is considered a residential and seasonal service.

Neither plan is subject to Rule 33, Billing Surcharge Adjustment.

#### DISCUSSION

It is appropriate to extend Pacific's optional payment plans for one year or until its Centrex Flexible Pricing Plan is approved by the Commission. It is clear that Pacific be allowed to have

payment plans similar to its competitors. If Pacific's new Centrex Flexible Pricing Plan is approved by the Commission at a later date, this existing provisional tariff will be frozen except to existing customers who have already signed agreements under the terms of the provisional tariff.

FINDINGS

1. The Fixed Rate Plan and the Advance Payment Plan are payment options for Centrex, Airport Intercommunicating Service and Electronic Tandem Switch Services benefit customers who desire to budget their telecommunication expenses.
2. These payment options will continue to provide an incentive for existing customers to remain or new customers to subscribe to Pacific's Centrex, AIS and ETS services.
3. The provisional tariff for the optional payment plans should be extended.

IT IS ORDERED that:

1. Pacific Bell's request to extend its optional payment plans for one year or until approval of its Centrex Flexible Pricing Plan is approved.
2. Pacific Bell will continue to monitor customer participation in the optional payment plans as required in Resolution T-12033.
3. 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 August 3, 1989. The following Commissioners approved it:

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



Executive Director