

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION NO. T-14004
October 12, 1989R E S O L U T I O N

CP NATIONAL: ORDER AUTHORIZING A DEVIATION FROM FILED TARIFF SCHEDULES TO WAIVE THE SERVICE CONNECTION CHARGE (WHICH INCLUDES SERVICE CONNECTION AND LINE ORDER) TO ADD TOUCH CALLING SERVICE DURING A 30-DAY PROMOTIONAL OFFERING IN THE WILLIAMS EXCHANGE. BY ADVICE LETTER NO. 254-T, FILED SEPTEMBER 12, 1989.

SUMMARY

This resolution authorizes CP National's Advice Letter No. 254-T, filed September 12, 1989 which requests authority to deviate from CP National's tariff. CP National is authorized, for the period of October 23, 1989 to November 21, 1989, to waive the service connection charge (which includes the service connection and line order) for "Touch Calling" service in the Williams Exchange.

BACKGROUND

In CP National's Williams Exchange, service is currently being provided by an analog switch, but by October 14, 1989, a digital switch will replace it. The Williams exchange, with 1,245 subscribers, is approximately 60 miles north-west of Sacramento. Some existing telephones may not be compatible with a digital system and will need to be replaced. CP National has advised their customers (i.e. billing message and individual letters) to have their telephone checked by the utility for compatibility. There will be no charge to the customer for this inspection. If needed, the customer will be advised that compatible equipment may be leased or purchased from the utility or may be obtained from an outside source.

With the introduction of the digital switch, CP National will be capable of providing "Touch Calling" service (as well as other custom calling features) in the Williams Exchange. To stimulate the use of "Touch Calling" service, CP National requests that the Commission grant authority under section 532 of the Public Utilities Code to allow CP National to promote the service by waiving the service connection charge. The promotional period will be from October 23, 1989 to November 21, 1989, inclusive.

CP National projects a net revenue loss in the first year of \$3,800. Since the cost for this promotion occurs in the first year, each subsequent year will see an estimated additional revenue of \$3,100 from customers who retain the service.

PROTESTS

No protests have been received by the Commission Advisory and Compliance Division (CACD).

DISCUSSION

With the introduction of digital service in CP National's Williams exchange, vertical services (such as "Touch Calling", "Call Waiting", "Call Forwarding", etc.) will now be available. Through the sale of vertical services, additional generated revenues help to keep basic rates low. At this time, CP National wishes to stimulate the usage of "Touch Calling" service by waiving the service connection charge (which includes line connection and line order) which at this time is \$38.00 for business customers and \$32.00 for residential customers. Business and residential customers will pay a monthly recurring charge of \$1.50 and \$1.15, respectively. A projected net revenue loss of \$3,800 is expected during the first year, due to the waiver of service connection charges. Each subsequent year will see an expected increase in revenue of \$3,100, see table below:

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
Projected No. of new customers	200	NA	NA
Increase in annual revenue	\$3,104	\$3,104	\$3,104
Revenue lost due to waived service connection charges*	\$6,892	0	0
Total Net Revenue (Loss)	<u>(\$3,788)</u>	<u>\$3,104</u>	<u>\$3,104</u>
Cumulative Balance	<u>(\$3,788)</u>	<u>(\$684)</u>	<u>\$2,420</u>

* Service Connection charge includes line connection and line order. The promotional period will be from October 23, 1989 to September 21, 1989, inclusive

CACD gave particular scrutiny to CP National's methodology in promoting "Touch Calling" service. CP National will offer "Touch Calling" service through bill inserts and at the time the customer's equipment is being tested for compatibility with the new digital system. CACD wanted complete confidence that "marketing abuse" would not occur. For example, CACD did not want the waiver of the

service connection charge to be tied to the purchase or lease of CP National's telephone equipment. CACD believes that ample notice has been given and that the "script" to be used by the customer service representative indicates that the customer will not only have the opportunity to select "Rotary" or "Touch Calling" service, but will be informed of the option to purchase a telephone from an outside source (granted it meets FCC requirements).

With the new digital technology that will be utilized in the Williams exchange, CP National will now be able to provide "Touch Calling" service, a service many customers in other service areas take for granted. Since the promotion will be offered to all customers of the Williams exchange, there will be no rate discrimination.

By authority granted the Commission under Section 532 of the P. U. Code, CACD recommends approval of CP National's Advice Letter No. 254-T, filed September 12, 1989, to promote "Touch Calling" service.

FINDINGS

1. CP National, by Commission approval under the authority of Section 532 of the P.U. Code, may promote the "Touch Calling" service by waiving the service connection charge (which includes the line connection and the line order) in the Williams Exchange.
2. A monthly recurring charge of \$1.50 and \$1.15 for business and residential customers, respectively, will apply.
3. The promotional period is limited to October 23, 1989 to November 21, 1989, inclusive.
4. The rates, charges and conditions authorized in this resolution are just and reasonable.

It Is Ordered that:

- (1) By authority granted the Commission under Section 532 of the P.U. Code, the Commission authorizes CP National to deviate from its filed tariff and waive the service connection (which includes the line connection and the line order) charge to those business and residential customers in the Williams exchange who wish to add "Touch Calling" service in the Williams Exchange. This authorization is limited to the period of October 23, 1989 to November 21, 1989, inclusive.
- (2) All tariff sheets filed under CP National's Advice Letter No. 254-T, filed September 12, 1989, shall be marked to show that such sheets were authorized by Resolution of the Public Utilities Commission of the State of California Number T-14004.
- (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 October 12, 1989. The following Commissioners approved it:

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

Wesley Franklin

Wesley Franklin
Acting Executive Director

