

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory & Compliance Division RESOLUTION T-14022
Telecommunications Branch Date December 6, 1989

R E S O L U T I O N

RESOLUTION T-14022. GTE MOBILNET OF SANTA BARBARA LP (U-3011-C). ADVICE LETTERS INTRODUCING NONDISCRIMINATORY GOVERNMENTAL AGENCY RATE AND NONPROFIT ORGANIZATION RATE TO QUALIFYING AGENCIES WITHIN THE UTILITY'S SERVICE AREA.

BY ADVICE LETTERS NOS. 11 AND 12. FILED ON AUGUST 23, 1989.

SUMMARY

This resolution authorizes GTE Mobilnet of Santa Barbara Limited Partnership ("GTEM-SB") to introduce a nondiscriminatory Governmental Agency Rate and a Nonprofit Organization Rate. This would allow qualifying agencies and organizations a reduction in Basic Rate Access Charge and Usage Rate, discounted enhanced services, and an opportunity to designate one predetermined primary business phone numbers to which the agency may call at no charge, excepting other carrier charges.

BACKGROUND

Advice Letters Nos. 11 and 12 were filed by the Utility seeking Commission authorization for nondiscriminatory Governmental Agency Rates and Nonprofit Organization Rates. (The utility's definition of non-profit is based on the same definition used by the Internal Revenue Service and a copy is on file in GTE Mobilnet's tariff). This would reduce the monthly cellular access charge for a phone number from \$45 to \$30.50, reduce the peak airtime usage charges of 45 cents per minute to 16 cents per minute, reduce the charge for enhanced services (call forwarding, call waiting etc.) from \$2.50 per feature to \$2.00 per feature (or from \$10.00 for all features to \$7.50 for all features).

In addition, each qualifying Governmental Agency or non-profit organization may designate one predetermined primary business phone number to which the agency or organization may call at no charge, excepting other carrier charges.

PROTESTS

On September 1, 1989, Santa Barbara Cellular Systems Ltd. ("Santa Barbara") protested Advice Letters Nos. 11 and 12 arguing that the filings proposed to offer predetermined primary business telephone service free of charge to Governmental Agencies and non-profit organizations. By doing so the GTEM-SB offer is alleged to violate Utilities Code 453 and is claimed to be non-compensatory and anti-competitive.

On September 11, 1989, GTEM-SB responded to the protest indicating that its offer of "free airtime" to Government and non-profit associations is not precluded by PU Code Section 453. GTEM-SB states that the Commission has long recognized the different status occupied by Government Agencies and has approved the availability of different rates for such customers. GTEM-SB alleges that similar justification exists for expanding different rate options to non-profit associations whose activities are not intended to generate profit but whose efforts are typically devoted to the advancement of the public interest.

GTEM-SB also argues that the incremental cost of extending the "free airtime" offer is certainly less than the revenue lost if the offer is not made at all. The utility states that because cellular rates are driven by market forces as well as cost considerations, discounts from the posted rate are no indication that the discounted rate is necessarily non-compensatory.

DISCUSSION

The Utility's use of the phrase "free airtime" does not suggest free service to the qualifying agencies but is used as a means to maintain a significant portion of the available additional business from the customers who are eligible to receive it's offer. The utility's net revenue associated with this offer outweighs the incremental cost of extending the offering.

The Staff having reviewed the Utility's filings has determined that the benefit of providing the special rates is in the best interest of the customer and is not discriminatory, non-compensatory or anti-competitive and does not violate PU Code 453.

The Staff takes special note of the utility's definition of non-profit organizations. GTE Mobilnet has defined non-profit organizations as:

Nonpolitical organizations, corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, literary, or educational purposes, or to foster national or international sports competition, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit

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of any private shareholder or individual; any chamber of commerce, civic leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare.

This definition largely follows the guidelines established in the Internal Revenue Service Code 501, Paragraph C, Subparagraph 3 and 4. A copy of this code is in filed in the utility's tariff.

FINDINGS

We find the conditions of this filing to be reasonable; we find GTEM-SB's filing and proposal: 1) does not offer free service but a discounted rate for qualifying agencies 2) has not violated Public Utilities Code 453 and 3) is not involved in non-competitive and non-compensatory activity. The protest of the Santa Barbara is dismissed.

THEREFORE, IT IS ORDERED that:

The request by GTE Mobilnet of Santa Barbara Limited Partnership to introduce Nonprofit Organization Rates and nondiscriminatory Governmental Agency Rates into its tariff be effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 6, 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
Acting Executive Director