

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14044  
TELECOMMUNICATIONS BRANCH January 9, 1990R E S O L U T I O N

RESOLUTION T-14044. REQUEST BY CP NATIONAL TO DEVIATE FROM FILED TARIFF SCHEDULES IN ORDER TO WAIVE THE SERVICE CONNECTION CHARGE TO ADD TOUCH CALLING SERVICE DURING A 30-DAY PROMOTIONAL OFFERING IN THE ARBUCKLE EXCHANGE.

BY ADVICE LETTER NO. 258-T, FILED ON DECEMBER 11, 1989.

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S U M M A R Y

This resolution authorizes CP National's Advice Letter No. 258-T, filed December 11, 1989, which requests authority to deviate from CP National's tariff. CP National is authorized, for the period of January 15, 1990 to February 13, 1990, to waive the service connection charge (which includes the service order-subsequent and line connection charges) for adding "Touch Calling" service in the Arbuckle Exchange.

B A C K G R O U N D

In CP National's Arbuckle Exchange, service is currently being provided by an analog switch, but by December 16, 1989, a digital switch will replace it. The Arbuckle exchange, with 1,120 subscribers, is approximately 45 miles northwest 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 additional services in the Arbuckle Exchange which require Touch Calling. 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 for existing Arbuckle customers to add Touch Calling service. The promotional period will be from January 15, 1990 to February 13, 1990, inclusive.

CP National projects a net revenue loss in the first year of \$2,100. Since the cost for this promotion occurs in the first year, each subsequent year will see an estimated additional revenue of \$1,600 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 Arbuckle exchange, additional service features such as "Call Waiting" and "Call Forwarding" 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 (which is a prerequisite for other vertical services) by waiving the service connection charge (including line order-subsequent and line connection charges) for adding "Touch Calling" service in the Arbuckle Exchange, 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 \$2,100 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 \$1,600, see table below:

	YEAR 1	YEAR 2	YEAR 3
Projected No. of new customers	186	NA	NA
Increase in annual revenue	\$1,641	\$1,641	\$1,641
Revenue lost due to waived service connection charges*	\$3,708	0	0
Total Net Revenue (Loss)	<u>(\$2,067)</u>	<u>\$1,641</u>	<u>\$1,641</u>
Cumulative Revenue (Loss)	<u>(\$2,067)</u>	<u>(\$ 426)</u>	<u>\$1,215</u>

\* Service Connection charge includes:

	BUSINESS Rate Code	RESIDENTIAL Rate Code
Service Order-Subsequent	\$18.00 SBSS	\$12.00 SRSS
Line Connection	20.00 SBLC	20.00 SRLC

The promotional period will be from January 15, 1990 to February 13, 1990, 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 add Touch Calling Service 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 Arbuckle exchange, CP National will now be able to provide services which customers in other service areas take for granted. Since the promotion will be offered to all existing customers of the Arbuckle exchange, there will be no rate discrimination. New connect customers would be assessed normal connection charges and would not be eligible to participate in the promotional offering.

By authority granted the Commission under Section 532 of the Public Utilities (P.U.) Code, CACD recommends approval of CP National's Advice Letter No. 258-T, filed December 11, 1989, to promote "Touch Calling" service in the Arbuckle exchange for a fixed 30-day period.

#### FINDINGS

1. The Commission is authorized by P.U. Code Section 532 to grant deviations from utility tariffs, as requested by CP National in Advice Letter No. 258 to waive the service connection charge to add Touch Calling service in the Arbuckle Exchange.
2. A monthly recurring charge of \$1.50 and \$1.15 for business and residential customers, respectively, will apply.
3. The promotional period would be limited to January 15, 1990 to February 13, 1990, inclusive.
4. CP National will provide customers with the option to purchase a telephone from an outside source (granted it meets FCC requirements).
5. Since the promotion will be offered to all existing customers of the Arbuckle exchange, there will be no rate discrimination.

#### THEREFORE, IT IS ORDERED that:

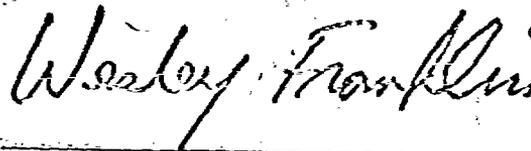
1. By authority granted the Commission under Section 532 of the P.U. Code, CP National may deviate from its filed tariff and waive the service connection charge (which includes the service order-subsequent and line connection charges) for those existing business and residential customers in the Arbuckle exchange who wish to add "Touch

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Calling\* service in the Arbuckle Exchange. This authorization is limited to the period of January 15, 1990 to February 13, 1990, inclusive. New connect customers will be assessed normal connection charges and are not eligible to participate in this promotional offering.

2. All tariff sheets filed under CP National's Advice Letter No. 258-T, filed December 11, 1989, shall be marked to show this resolution's number and effective date.
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 January 9, 1990. The following Commissioners approved it:



WESLEY FRANKLIN  
Acting Executive Director

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

Commissioner Stanley W. Hulett,  
being necessarily absent, did  
not participate.