

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14051
Telecommunications Branch March 14, 1990

R E S O L U T I O N

RESOLUTION T-14051. REQUEST BY CONTEL OF CALIFORNIA, INCORPORATED (CONTEL), TO REVISE ITS RULE 14, TO PROVIDE A BILLING CREDIT TO CUSTOMERS WHO EXPERIENCE A SERVICE OUTAGE.

BY ADVICE LETTER NO. 884, FILED ON JANUARY 22, 1990

SUMMARY

This resolution authorizes Contel of California, Incorporated (Contel's) Advice Letter No. 884, filed on January 22, 1990. Currently, Section A1 of Rule 14 offers a "credit allowance" to customers who experience any outage of greater than 24 hours duration. That credit allowance is calculated by multiplying the total of fixed monthly charges and the ratio of the days of interruption to thirty days.

Advice Letter No. 884 revises Rule 14 to make two different credit offerings available. A new revised credit allowance will apply only to those outages lasting longer than 30 days. Additionally, when there is a service outage of the access line, trunk, or circuit lasting more than one day but less than 30 days, a "service guarantee credit" will be applied. This credit is equal to the total monthly service and equipment charges less he lifeline credit, if applicable.

BACKGROUND

Contel currently has, in Rule 14 (A1) of its tariffs, a section providing a "credit allowance" for an interruption of service for a period of more than 24 hours. This applies to any customer of any class. The basis for the calculation of this credit is the monthly fixed charge the customer pays, but this charge is not explained or specified. In the revised Rule 14, the fixed charge is shown to be the customer's total of "Service and Equipment Charges," as actually printed on the customer's bill. The customer can more easily understand how to calculate the credit due.

This credit allowance will continue to be offered, but Contel proposes it only for outages lasting longer than 30 days. The

service and equipment charge would be multiplied by a fraction that is always greater than one.

Contel proposes to add a new "service guarantee credit," which would apply to outages of less than 30 days. This service guarantee credit would be calculated as equal to any applicable "Service and Equipment Charges" normally paid by the customer each month, less the lifeline credit if applicable. This would mean that customers experiencing only a few days of outage would be credited more than before, that is, a full month's credit.

DISCUSSION

Contel has estimated the revenue effect of the service guarantee credit. In 1988, it had 1,070 reports of outages lasting more than one day but less than 30 days. It calculated that it would have paid them an average of \$31.41 per outage, or a total of \$33,609. This is a small expense for a company of Contel's size. Contel has stated in its advice letter that it will not request rate relief for the service guarantee credit in any future filing.

Contel states that the purpose of this change is "to demonstrate its commitment to customer service and to enhance customer perception." The utility has a stronger incentive to repair the outage in under 24 hours than ever before because the credit will be much larger after the first 24 hours ends. The CACD staff supports this commitment to customer service; however, it also believes that this expense should be tracked by the utility for one year on a monthly basis, in order that CACD may be able to determine if and when the expense becomes excessive.

PROTESTS

The Commission Advisory and Compliance Division has received no protests to this advice letter.

FINDINGS

1. In offering a new credit for outages, Contel has made revisions to its Rule 14 which substantially improve its readability and practical application.
2. Contel's proposed credit offering is an improved compensation for customers who suffer outages. Added incentive is given to Contel to repair the system in less than 24 hours, but general customer rates will not increase to compensate. The credit offerings are therefore just and reasonable.
3. Contel has stated that it will not seek rate relief from its customers even if it loses money as a result of these credit offerings; therefore, ratepayers are not in jeopardy.

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4. Contel should track for one year the expense incurred by these credit offerings and report its findings to the CACD, in order that CACD may be able to determine if and when the expense becomes excessive.

THEREFORE, IT IS ORDERED that:

1. Contel is granted authority to revise Rule 14 as proposed in Advice Letter No. 884.
2. All tariff sheets filed under Advice Letter No. 884 shall be marked to show that such sheets were authorized by this Resolution.
3. Contel shall provide the CACD staff with a report, due 16 months from the effective date of this resolution, that tracks the number and amount of service guarantee credits and credit allowances given Contel's customers for at least 12 full months following the date of this order.
4. If this report indicate that the costs of the credit offerings are excessive, Contel will file a tariff proposal to revise Rule 14 according to the CACD's direction within 18 months of the effective date of this resolution.
5. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 14, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director