

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14093
Telecommunications Branch July 6, 1990

R E S O L U T I O N

RESOLUTION T-14093. CONTEL. ORDER AUTHORIZING CONTEL OF CALIFORNIA, INC. TO OFFER INTEGRATED SERVICE DIGITAL NETWORK ON A 24-MONTH PROVISIONAL BASIS.

SUMMARY

Contel of California, Inc. (Contel) by Advice Letter No. 889 filed April 27, 1990 requests authority to revise Schedule Cal. P.U.C. No. A-40-Digital Centrex Service, to offer Integrated Service Digital Network (ISDN) on a 24-month provisional basis.

This Resolution authorizes the revisions to the A-40 Tariff which Contel estimates will result in an increase in annual revenue of approximately \$135,000. No protests to this Advice Letter were filed.

BACKGROUND

ISDN is a local exchange telecommunications service that provides an integrated voice/data communications capability for the transmission of circuit switched voice, circuit switched data and packet switched data on an incoming and outgoing basis over Centrex Primary and Semi-Restricted Lines utilizing ISDN architecture. The service is available from specially equipped digital switching equipment located in Contel's central offices.

Contel requests that this service be provided on a provisional basis for a two year period from the effective date of this filing. After the trial period, an evaluation will be made of the service to determine what changes, if any are to be made to the offering.

Contel indicates that the Commission authorization of this Resolution will result in an estimated increase in annual revenue of \$135,000.

PROTESTS

No protests have been filed on Contel's Advice Letter No. 889.

DISCUSSION

Contel's request to initiate a trial service was based on the results of a marketing survey. A number of customers surveyed indicated a need for a trial usage of ISDN to evaluate the service before any commitment, other than short term, could be made. Contel says a 24-month Provisional Tariff offering allows it the flexibility to enter the market and to fully assess customer requirements and demands. This assessment will be used to gauge feature enhancements and/or pricing adjustments that may be incorporated in Contel's permanent filing. The use of this methodology and/or cost data to derive and support recurring and nonrecurring cost data in this filing should not be construed to be a finding that this data or methodology is appropriate for other filings.

Based on a review of the workpapers and supporting documentation submitted with this Advice Letter it appears that this ISDN offering is cost effective. However, since ISDN is an emerging technology, Contel's predicted cost may not reflect its actual cost to provide ISDN. Therefore, we are authorizing a 24-month provisional offering to allow Contel to test the rate structure and to substantiate the cost, revenue and profitability of this service.

FINDINGS

We find that:

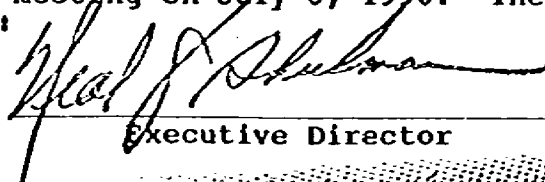
1. Contel filed Advice letter No. 889 on April 27, 1990 requesting Commission authorization to add ISDN to its Digital Centrex Service.
2. Although Contel's estimate shows that the cost of providing this service will be recovered by the rates and charges in the tariff, a re-evaluation based on more current cost data and take rate is needed before authorizing a permanent tariff.
3. The use of a particular methodology or cost data to derive and support recurring and nonrecurring cost data in this filing should not be construed to be a finding that the data or methodology is appropriate for other filings.
4. ISDN capability is an enhancement to Contel's existing Centrex service.
5. There is a need to track revenues and costs related to ISDN.
6. Authorization of this Resolution will result in an estimated increase in Contel's annual revenue of \$135,000.
7. The rates, charges, terms and conditions authorized in this resolution are just and reasonable; therefore,

IT IS ORDERED that:

- (1) Authority is granted to make the above Advice Letter and associated Provisional Tariff effective on July 7, 1990.
- (2) This Provisional Tariff expires July 7, 1992.
- (3) Prior to the expiration date (July 7, 1992) of this provisional service, Contel shall submit an advice Letter to the Commission requesting that the service be made permanent, changed, extended or withdrawn.
- (4) Contel shall track recurring and nonrecurring costs, in-service and outward movement volumes, and recurring and nonrecurring billings for this trial offering.
- (5) The Advice Letter and tariff schedule revisions authorized herein shall be marked to show that they were authorized under Resolution of the Public Utilities Commission of the State of California No. T-14093.

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 July 6, 1990. The following Commissioners approved it:


Executive Director

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