

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications BranchRESOLUTION T-14097
July 6, 1990R E S O L U T I O NRESOLUTION T-14097. PACIFIC BELL. ORDER AUTHORIZING
A CUSTOMER SPECIFIC CONTRACT COVERING THE PROVISION OF
CENTREX SERVICE TO CITY OF PARAMOUNT.BY ADVICE LETTER NO. 15758, FILED ON June 12, 1990.SUMMARY

By Advice Letter No. 15758, filed on June 12, 1990, Pacific Bell (Pacific) requests authority under the provisions of General Order No. 96-A (G.O. 96-A) and Decision No. (D.) 88-09-059 to deviate from filed tariff schedules in order to provide City of Paramount with Centrex service under contract. This Resolution authorizes the Advice Letter and the associated contract to go into effect on July 7, 1990. Pacific's annual revenue will be reduced by approximately \$25,247 for the life of the contract. No protests to this Advice Letter have been filed.

BACKGROUND

In D.88-09-059 the Commission adopted a modified Phase I Settlement (hereinafter referred to as the Settlement). Under the provisions of the Settlement, the Local Exchange Companies (LECs) are allowed to provide certain services, such as Centrex service, under the terms of contracts between the LECs and their customers. The Settlement provides that such contracts become effective upon authorization by the Commission.

The process and requirements for filing of advice letters to request authorization of customer specific contracts are set forth in Appendix A of D.88-09-059. Resolution No. T13091, dated September 7, 1989, and Resolution No. T-13069, dated May 26, 1989, provided additional specifications on advice letter filings requesting authorization to provide Centrex under contracts.

The contract filed under Advice Letter No. 15758 covers the provision of Centrex service to City of Paramount. Centrex service is a central office based communications system equipped with primary station lines capable of receiving direct in-dialed calls and capable of direct-out dialing of calls with optional features.

Under the terms of the contract, Pacific agrees to provide the City of Paramount, who currently takes Centrex service under tariff, with 195 lines and optional features for a period of seven years at a fixed rate of \$2,404.00 per month (\$12.33 per month per line). Pacific may elect to have more lines up to a maximum of 350 lines at the contracted per line rate during the life of the contract. Nonrecurring charges for the growth lines shall be at the prevailing tariff rates. Pacific indicates that Commission authorization of this contract will result in an estimated net reduction in Pacific's annual revenue of approximately \$25,247 during the life of the contract.

PROTESTS

No protests have been filed on Pacific's Advice Letter No. 15758.

DISCUSSION

In reviewing Advice Letter No. 15758, we note the following:

- a. The contract contains the necessary language which conditions its approval upon Commission authorization.
- b. The Advice Letter and the City of Paramount contract are public documents.
- c. Pacific requests in the Advice Letter that the workpapers and supporting cost documentation associated with the contract be treated as confidential.
- d. Pacific has offered the parties to the Phase I Settlement in I.87-11-033 the opportunity to receive and review the workpapers and supporting documentation associated with the contract if such a party (except DRA) first enters into a protective agreement.
- e. The contract provides for the offering of Centrex service which is an appropriate service for offering under a contractual arrangement.
- f. The rates and charges set forth in the contract cover the cost of providing the Centrex service offered under the terms of the contract.
- g. The methodology used by Pacific to develop the costs of providing Centrex service to City of Paramount under the terms of the contract is based on the direct embedded methodology.
- h. The monthly rate per line, excluding nonrecurring charges, for Centrex service under the terms of the City of Paramount contract is greater than the sum of the present one-party business measured service rate and the multi-line End User Common Line charge per month per line (1MB+EUCL).
- i. The Advice Letter indicates that the costs and revenues associated with the City of Paramount contract will be tracked as required by D. 88-09-059.

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- j. A contract is required for City of Paramount because the customer requires a fixed price contract that is competitive with PBX alternatives; this requirement cannot be met by the Centrex service available under Pacific's present tariff.
- k. Pacific has offered to provide the customer deaveraged PBX trunk rates under contract with rates determined by the same cost methodology used to determine the contract Centrex line rate.

With these findings, we conclude that the Advice Letter meets the requirements set forth in the previously mentioned Commission orders and G.O. 96-A, and should be approved. However, we must emphasize that our approval is based on the specifics of the Advice Letter and the associated contract, and does not establish precedents for the contents or for Commission approval of similar requests.

FINDINGS

1. Pacific Bell filed Advice Letter No. 15758 on June 12, 1990 requesting Commission authorization to provide Centrex service to City of Paramount under a customer specific contract.
2. Our review indicates that the Advice Letter conforms to the requirements of Appendix A of D.88-09-059, Resolution Nos. T-13069 and T-13091, and G.O. 96-A.
3. Authorization of the City of Paramount contract will result in an estimated reduction in Pacific's annual revenue of \$25,247 during the life of the contract.

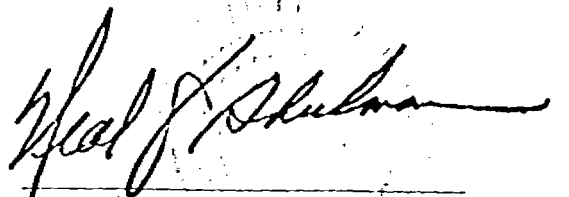
THEREFORE, IT IS ORDERED that:

- (1) Authority is granted to make the above Advice Letter and contract effective on July 7, 1990.
- (2) The Advice Letter and contract authorized herein shall be marked to show that the Advice Letter and associated tariff sheets were authorized under Resolution of the Public Utilities Commission of the State of California No. T-14097.

The effective date of this Resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on July 6, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director