

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14103
Telecommunications Branch July 18, 1990

R E S O L U T I O N

RESOLUTION T- 14103. PACIFIC BELL. ORDER AUTHORIZING
PACIFIC BELL TO PROVIDE CENTREX SERVICE TO THE CITY OF
LOS ANGELES UNDER CONTRACT.

BY ADVICE LETTER NO. 15764, FILED ON JUNE 22, 1990

SUMMARY

Pacific Bell (Pacific), by Advice Letter No. 15764, filed June 22, 1990 requests authority under 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 the City of Los Angeles (COLA) with Centrex service under contract at five primary customer locations. Pacific now provides the COLA Centrex service at these locations under tariff. This Resolution authorizes Pacific to provide Centrex service to the COLA under contract which Pacific estimates will result in a decrease in annual revenue of \$506,580 from the existing tariff rates. No protests to this Advice Letter were filed.

BACKGROUND

In D. 88-09-059 the Commission adopted a modified Phase 1 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 LECs and 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 Nos. T-13091 and T-13092, 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 service under contract.

This contract filed under Advice Letter No. 15764 covers the provision of Centrex service to the COLA. Centrex is a central office based communications system equipped with primary stations lines capable of receiving direct in-dialed and capable of direct out-dialing of calls with optional features.

Under the terms of the contract, Pacific agrees to provide Centrex service (9,868 lines and optional features) to the COLA for a period of three years at a monthly rate of \$134,403. Pacific indicates that the Commission authorization of the this contract will result in a net decrease in annual revenue of \$506,580 comparing to current tariff rates which COLA is paying.

PROTESTS

No protests have been filed on Pacific's Advice Letter No. 15764.

DISCUSSION

In reviewing Advice Letter No. 15764, we note the following.

- a. The contract contains the necessary language which conditions its approval upon Commission authorization.
- b. The Advice Letter and the COLA 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 COLA 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 COLA contract is not lower 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 COLA contract will be tracked.
- j. A contract is required for COLA 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. 15764 on June 22, 1990 requesting Commission authorization to provide Centrex service to the COLA under a customer specific contract.
2. The Advice Letter conforms to the requirements of Appendix A of D. 88-09-059, Resolutions Nos. T-13069 and T-13091, and G.O. 96-A.
3. Authorization of the COLA contract will result in an estimated decrease in Pacific's annual revenue of \$506,580 for each year of the contract.

THEREFORE, IT IS ORDERED that:

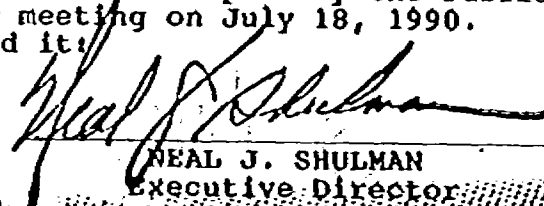
- (1) Authority is granted to make the above Advice Letter and contract effective on July 19, 1990.
- (2) The Advice Letter and contract authorized herein shall be marked to show that they were authorized under Resolution of the Public Utilities Commission of the State of California No. T-14103

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 18, 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