

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14106
Telecommunications Branch September 12, 1990

R E S O L U T I O N

RESOLUTION T-14106. PACIFIC BELL. REQUEST TO PROVIDE CENTRAL OFFICE BLOCKING OF CALIFORNIA 976 FOR ALL WATS CLASSES OF SERVICE AND PREVENT WATS CALLS TO CALIFORNIA 976, AND CLARIFY THAT WATS CALLS TO CALIFORNIA 900 ARE NOT ALLOWED.

BY ADVICE LETTER NO. 15739, FILED ON MAY 10, 1990, AND ADVICE LETTER SUPPLEMENT NO. 15739A, FILED ON JUNE 7, 1990.

SUMMARY

This resolution authorizes Pacific Bell's (Pacific's) request in Advice Letter No. 15739, as supplemented by No. 15739A, to:

1. Provide central office blocking of California 976, where technically feasible, for its WATS classes of service, thereby preventing calls on Pacific's WATS lines to California 976; and
2. Clarify in its tariffs that calls on Pacific's WATS lines to California 900 telephone numbers are denied.

Pacific stated that it mailed a copy of Advice Letter No. 15749 and Supplement No. 15749A to its 900/976 Information Provider customers, other utilities and interested parties. The Commission Advisory and Compliance Division (CACD) received a timely protest and reply comments from Omniphone, Inc., a California 976 information provider. This protest is denied.

To ensure that Pacific's 900/976 Information Provider customers and its WATS customers are fully aware of these new conditions of their service, Pacific is ordered to notify all existing customers in clear and concise language within two billing cycles of the effective date of this resolution. Pacific must also ensure that all prospective and new customers are clearly informed.

BACKGROUND

Pacific's California 976 Service was first introduced in September 1983. Pacific's California 900 Service was first introduced in July 1989. In D.87-12-038, the Commission ordered all local exchange carriers (LECs) who offer 976 service to offer central office blocking of 976 to all customers served by

stored program control central offices capable of providing blocking. Applications for rehearing were filed by Omniphone, Inc. (Omniphone), GTE-California (GTEC), Phone Programs Inc., and the Information Providers Association. The applications of Omniphone and GTEC requested rehearing of that portion of D.87-12-038 which ordered the option of blocking 976 IAS for business customers. The Commission granted a partial stay of the business blocking option in D.88-01-022 and in D.88-01-048, granted rehearing limited to the issue of whether LECs offering 976 should be required to provide a blocking option for such services to business customers. This rehearing was first consolidated with hearings on the allocation of residential blocking costs scheduled to commence in early 1988. Subsequent to suspension of those hearings in D.88-03-042, in July 1988 these issues were consolidated with Pacific's request to offer 900 Information Calling Services.

In D.89-02-066, the Commission ordered all LECs offering 976 and 900 service to offer business customers the option of blocking these services. Ordering Paragraph 4 of D.89-02-066 directed Pacific to offer 976 blocking to "simple business customers" by May 25, 1990, and to file an advice letter "containing a specific proposal for offering 976 blocking to all business customers who are now provided 976 service" within 30 days of the order's effective date. On March 27, 1989, Pacific filed Advice Letter No. 15536, which proposed that central office blocking be offered (from central offices so equipped) to business customers as follows:

"Simple business" (1MB, 1MS, 1MC and 1ML): May 25, 1990
"Complex business" (COMMSTAR I/II, Basic and Assured PBX, Centrex, 1FB, 1FL, 1FS, 1FC, Data Access Service, Coin, Coinless, COPT and Hotel/Motel): October 1, 1989
WATS Class of Service: October 1, 1990

Advice Letter No. 15536 became effective on May 25, 1989.

In D.89-03-061, this Commission authorized Pacific to introduce 900 Information Calling Service subject to conditions specified in the order, which modified a proposed settlement agreement. Attached to D.89-03-061 was the proposed tariff for Pacific's 900 Service. On Original Sheet 336, certain types of calls to 900 Service were specified as "non-qualifying" and "the Utility will attempt to restrict such calls from connecting" to 900 Service telephone numbers. Included in the list of 16 such "non-qualifying" types of calls were "Calls originating from the Utility WATS Class of Service including Universal and Two-Way WATS." On July 12, 1989, Pacific filed Advice Letter No. 15580 to offer 900 Service which included this same restriction (on Original Sheet 337) and which became effective on July 14, 1990, pursuant to D.89-03-061. While this Advice Letter was protested by several parties, the restriction of WATS and 900 service was not one of the protested issues.

On May 10, 1990, Pacific filed Advice Letter No. 15739 to request central office blocking of its WATS classes of service (Schedule Cal.P.U.C. No. A7.) to prevent calls to California

976. On June 7, 1990, Pacific filed Advice Letter Supplement No. 15739A to clarify that calls on its WATS service to California 900, California 976 and 900 IEC programs are denied except in those central office where blocking is not technically feasible.

PROTESTS

The Commission Advisory and Compliance Division (CACD) received a timely protest from Omniphone, Inc. (Omniphone), a California 976 information provider, on May 30, 1990. Omniphone protested this advice letter "because Pacific has failed to provide an adequate explanation for its proposed action." (At p. 1) Omniphone suggests that Pacific's "true" motivation in filing this advice letter is due to its failure to collect due and payable 976 program charges or toll charges from WATS customers. Other items that Omniphone does not believe Pacific has provided adequate explanation for are:

1. Blocking of calls to California 900 and IEC 900 calls.
2. The applicability of this restriction to other carriers' WATS services. (e.g., calls from GTEC's service territory or other independent telephone company territory; WATS services that Pacific provides "in conjunction with AT&T or with other LECs and IECs." (At p. 3)
3. Pacific's authority under the Modified Final Judgment (MFJ) to block interLATA and interstate calls without the consent of the affected IEC, or where the customer has not requested such blocking.

Omniphone observes that Pacific's statement that Advice Letter No. 15739 "will not increase any rate or charge" or "cause the withdrawal of service" is disingenuous, since Information Providers using California 900/976 or IEC 900 services will receive less revenue and that part of their California 900 and 976 service is being withdrawn.

Omniphone requests that the CACD "conduct a full and independent investigation of this matter" so that "the utility's customers ... are given a full and adequate explanation for any changes and restrictions in the utility's service." (At p. 2) Omniphone asks the Commission to reject Advice Letter No. 15739 in any event.

Omniphone also requests that the "CACD insure that Pacific is not allowed to recover from IPs any costs that pertain to Pacific's plan to block 'all WATS lines.' This is not the type of blocking for which Information Providers must pay (and have been paying) under Commission Decision 87-12-038." (At p. 3)

Pacific's Response

The CACD received Pacific's timely response to Omniphone's protest on June 8, 1990. In its response, Pacific recounts the

Commission's order for the provision of 976 business blocking (D.89-02-066) and its subsequent compliance action, described in the Background, as the originating impetus for its efforts to provide central office blocking to its WATS customers. Pacific also recounts the restriction of WATS calls when its California 900 service was introduced in July 1989, likewise described in the Background.

Regarding Omniphone's request for further explanation of the need for blocking WATS calls to California 900/976 and IEC 900 numbers, Pacific elaborates on its statement in Advice Letter No. 15739:

"WATS service, as designed, is fundamentally incompatible with pay-per-call services like California 976 and California/IEC 900, that entail both toll usage and program-related charges. The use of such pay-per-call services by Pacific's WATS customers inevitably leads to billing anomalies in which California 976 toll usage and IP program charges are added to the end-user's flat-rate WATS service charges, generating widespread customer confusion and complaints." (At p. 4)

Pacific observes that it seeks to remedy the confusion caused by the addition of per-call charges to its WATS customers' flat-rated bills by blocking calls on its WATS service to California 976 and IEC 900 numbers, as California 900 is currently restricted. Per-call charges are inconsistent with the bulk usage billing feature of Pacific's WATS services, regardless of whether they are California 976 or IEC 900 charges.

Pacific also addresses Omniphone's questions about the applicability of the restriction to other utilities' WATS services by flatly stating that only Pacific's WATS lines will be blocked.

Pacific responds to Omniphone's concerns about the economic impact of this restriction on its California 976/900 Information Provider (IP) customers by referring to the letter it sent to these customers, explaining Advice Letter No. 15739, in which it compared the costs of optional blocking and mandatory blocking and stated that the lower-cost mandatory blocking would not be charged to the IPs. Pacific also observes that only the restrictions on WATS calls to California 976 and IEC 900 numbers could affect IPs' revenue, since calls to California 900 were never allowed. Pacific also cites that since callers can still use other nonrestricted access lines, there should be no impact.

Omniphone's Reply to Pacific's Response

On June 14, 1990, the CACD received Omniphone's "Reply to Pacific Bell's Response," which communicated Omniphone's dissatisfaction with Pacific's response to its protest. Based on Pacific's statements therein, Omniphone made additional requests for CACD actions to:

1. "Require Pacific to submit to CACD, and thereafter for CACD to make available to Omniphone for inspection, any and all documents which constitute or evidence alleged 'billing anomalies' in connection with 976 calls and WATS service charges." (At p. 1)
2. "Require Pacific to produce any and all documents that supposedly evidence the 'widespread customer confusion and complaints' (Pacific Response, p. 4) to which Pacific alludes as justification for its blocking of all WATS calls to 976 numbers." (Ibid)
3. "Require Pacific to produce all documents which relate to Pacific's billing treatment of any alleged 'illegitimate' or 'disputed' calls to 976 numbers on WATS lines." (At p. 2)

Pacific's Reply to Omniphone's Reply

On June 25, 1990, the CACD received Pacific's reply to Omniphone's reply comments, dismissing these additional requests for discovery as "meritless" and requesting the Commission to deny them. Pacific repeatedly emphasizes that its action in Advice Letter No. 15739 is because "the appearance of pay-per-call charges on a bill for a flat-rate service like WATS is confusing to its customers, who naturally expect that a flat-rate service precludes billing on a pay-per-call basis." (At p. 2)

DISCUSSION

As a California 976 IP, it is understandable that Omniphone is concerned about the change in status quo represented by the restriction of Pacific's WATS lines from calling California 976 numbers. It is because Advice Letter No. 15739 proposes a more restrictive condition for WATS and California 976 service that this Commission Resolution is required. Advice Letter No. 15739, and Omniphone's protest, has provided a valuable opportunity for consumer education by highlighting the existing restriction on Pacific's WATS lines for California 900 and the Commission's requirement that all of Pacific's business customers be offered blocking, as well as clarifying the application of the proposed rule.

A fact of this advice letter is that restriction of Pacific's WATS service from pay-per-call information calls already exists in the form of California 900. While we wonder why Pacific has waited this long to extend the same restriction to other pay-per-call services (California 976 and IEC 900), it is consistent with Pacific's past practice and in fact, is reflected in at least one other utility's WATS tariffs. (AT&T Schedules Cal.P.U.C. A7.1.A.3.j and A9.3.1.C)

In addition to the inconsistency of having pay-per-call charges included in bulk-rated WATS bills cited by Pacific in extending the restriction to California 976 and IEC 900, we observe another reason for restricting WATS calls in this manner. In

calling a 900 number (or an 800 number, for that matter), the WATS customer pays for the transport of the WATS outbound call (via bulk usage rates) and the terminating customer pays transport for the "inbound" 900 (or 800) call. Therefore, there is a further "anomalous" billing situation in having the transport charges of a single call paid for twice.

Regarding the MFJ compliance question raised by Omniphone, Pacific is merely placing conditions of use on its own WATS service, not any other carrier's service. No carrier has protested Advice Letter No. 15739.

We agree with Omniphone and Pacific that California 900/976 IPs should not bear the estimated \$224,000 cost of mandatory blocking for all customers of Pacific's WATS service. The costs to implement such mandatory blocking of entire classes of service should not be included in the costs from which the 900/976 optional blocking cost allocation surcharge, paid by IPs, is developed; nor in any rate or charge levied upon customers not using the affected service. These costs should not be borne by any other than Pacific's WATS services themselves. We note the positive outcome that 900/976 IPs will not be required to bear the cost of providing optional blocking to Pacific's WATS customers, which Pacific had estimated to be \$1 million.

The issues raised by Omniphone regarding alleged billing problems experienced by Pacific and California 976 IPs appear to be similar to those presently under consideration in C.87-01-007, pending before the Commission. Hearing has been set in this matter on October 15, 1990, and may be an appropriate venue for Omniphone's requests for discovery made in reply to Pacific's response to its protest to Advice Letter No. 15739.

Finally, there is a logistical matter to address. Pacific has advised the CACD that it requires six weeks after approval of Advice Letter No. 15739 for implementation. Due to the unanticipated delay in considering this resolution, Pacific now has inadequate lead time to implement this advice letter by October 1, 1990, and it has reported that November 1, 1990 is the earliest date.

As noted in the Background, Pacific's Information Services Call Blocking (ISCB) tariff presently offers to make ISCB available to WATS customers on October 1, 1990. Approval of Advice Letter No. 15739 will replace this offering of ISCB with mandatory blocking; however, we are faced with a gap of one month between the present commitment to offer ISCB and Pacific's ability to implement mandatory blocking. To resolve this discrepancy, the following proposed tariff sheets in Schedule CAL.P.U.C. No. A9, associated with the withdrawal of ISCB for WATS customers, should become effective on October 1, 1990:

103rd Revised Check Sheet A
4th Revised Check Sheet E
6th Revised Sheet 344

All other tariff sheets attached to Advice Letter No. 15739 and Supplement No. 15739A should become effective on November 1, 1990. Between October 1 and November 1, 1990, Pacific should give WATS customers experiencing unauthorized or inadvertent use of 900/976 numbers the most serious consideration feasible for adjustment, due to the withdrawal of the ISCB offering prior to the implementation of mandatory blocking. These adjustments should be charged to the costs of implementing mandatory blocking for WATS.

In order to ensure that its California 900 and 976 IP subscribers and WATS subscribers are fully informed about this new rule (mandatory blocking of WATS from 900 and 976 calls), Pacific should notify them at the earliest time feasible.

FINDINGS

1. In D.89-02-066, this Commission directed Pacific to file a timetable for offering 976 blocking to all business customers. In Advice Letter No. 15536, effective on May 25, 1989, Pacific proposed that central office blocking be offered (from central offices so equipped) to its WATS customers starting on October 1, 1990.
2. In D.89-03-061, this Commission authorized Pacific to introduce 900 Information Calling Service. Attached to D.89-03-061 was the proposed tariff for Pacific's 900 Service, in which certain types of calls to 900 Service were specified as "non-qualifying" and "the Utility will attempt to restrict such calls from connecting" to 900 Service telephone numbers. Included in the list of 16 such "non-qualifying" types of calls were "Calls originating from the Utility WATS Class of Service including Universal and Two-Way WATS." On July 12, 1989, Pacific filed Advice Letter No. 15580 to offer 900 Service which included this same restriction (on Original Sheet 337) and which became effective on July 14, 1990, pursuant to D.89-03-061. While this Advice Letter was protested by several parties, the restriction of WATS and 900 service was not one of the protested issues.
3. The Commission Advisory and Compliance Division (CACD) received a timely protest from Omniphone, Inc. (Omniphone), a California 976 information provider, on May 30, 1990.
4. The CACD received Pacific's timely response to Omniphone's protest on June 8, 1990. On June 14, 1990, the CACD received Omniphone's "Reply to Pacific Bell's Response." On June 25, 1990, the CACD received Pacific's reply to Omniphone's reply comments.
5. Advice Letter No. 15739 will result in more restrictive conditions for Pacific's WATS and California 976 subscribers, so must be authorized by the Commission pursuant to General Order 96-A, Section VI.
6. The proposed restriction of Pacific's WATS service from calls to California 976 and IEC 900 numbers is consistent with

Pacific's past practice and is reflected in at least one other utility's WATS tariffs.

7. WATS calls to pay-per-call numbers produce excessive call charges for WATS customers.

8. Pacific is merely placing conditions of use on its own WATS service, not any other carrier's service. No carrier has protested Advice Letter No. 15739.

9. The costs to implement mandatory blocking of entire classes of service should not be included in the costs from which the 900/976 optional blocking cost allocation surcharge, paid by IPs, is developed; nor in any rate or charge levied upon customers not using the affected service.

10. In this particular matter, these costs should not be borne by any other than Pacific's WATS services.

11. Hearing has been set in C.87-01-007 on October 15, 1990, and may be an appropriate venue for Omniphone's requests for discovery made in reply to Pacific's response to its protest to Advice Letter No. 15739.

12. Omniphone's protest should be denied.

13. The following proposed tariff sheets in Schedule CAL.P.U.C. No. A9, associated with the withdrawal of ISCB for WATS customers, should become effective on October 1, 1990:

103rd Revised Check Sheet A
4th Revised Check Sheet E
6th Revised Sheet 344

14. All other tariff sheets attached to Advice Letter No. 15739 and Supplement No. 15739A should become effective on November 1, 1990.

15. From October 1 to November 1, 1990, Pacific should give WATS customers experiencing unauthorized or inadvertent use of 900/976 numbers the most serious consideration feasible for adjustment, due to the withdrawal of the ISCB offering prior to the implementation of mandatory blocking.

16. These adjustments should be charged to the costs of implementing mandatory blocking for WATS.

17. In order to ensure that its California 900 and 976 IP subscribers and WATS subscribers are fully informed about this new rule (mandatory blocking of WATS from 900 and 976 calls), Pacific should notify them at the earliest time feasible.

15. The terms and conditions proposed in Advice Letter No. 15739, as supplemented, are just and reasonable; therefore,

IT IS ORDERED that:

1. Pacific Bell's request in Advice Letter No. 15739, as supplemented by No. 15739A, is authorized.
2. The costs to implement mandatory blocking of all WATS lines from pay-per-call services shall be borne only by Pacific's WATS services.
3. Pacific shall notify all California 976 and 900 IP and WATS subscribers of the new rule authorized herein at the earliest time feasible, but within two billing cycles following the effective date of this resolution. Pacific shall also ensure that all prospective and new subscribers are fully informed.
4. Advice Letters No. 15739, 15739A and their accompanying tariff sheets shall be marked to show that they were authorized by this resolution. The following tariff sheets in Schedule CAL.P.U.C. No. A9, associated with the withdrawal of ISCB for WATS customers, shall be marked with an effective date of October 1, 1990:

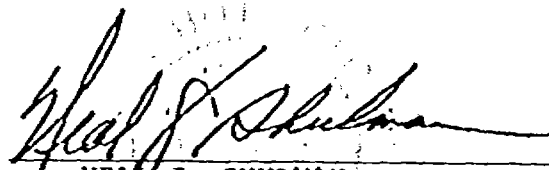
103rd Revised Check Sheet A
4th Revised Check Sheet E
6th Revised Sheet 344

All other tariff sheets attached to Advice Letter No. 15739 and Supplement No. 15739A shall be marked with an effective date of November 1, 1990.

5. 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 September 12, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director

Commissioner John B. Ohanian,
being necessarily absent, did
not participate.