

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY & COMPLIANCE DIVISION
TELECOMMUNICATIONS BRANCH

RESOLUTION T-14131
November 9, 1990

R E S O L U T I O N

RESOLUTION T-14131. PACIFIC BELL. ORDER AUTHORIZING THE TRANSFER OF APPROXIMATELY 8.66 SQUARE MILES OF TERRITORY FROM WATSONVILLE EXCHANGE TO APTOS EXCHANGE AND TO INCLUDE THE AREA INTO APTOS EXCHANGE'S BASE RATE AREA.

BY ADVICE LETTER NO. 15766, FILED ON JUNE 27, 1990, AND ADVICE LETTER SUPPLEMENT NO. 15766A, FILED ON AUGUST 24, 1990.

SUMMARY

This resolution authorizes the transfer of approximately 8.66 square miles of territory from Pacific Bell's (Pacific) Watsonville Exchange to its Aptos Exchange and to include the said territory in the Aptos Exchange's Base Rate Area (BRA).

There exists a strong community of interest between the La Selva Beach customers, heretofore located in the western part of the Watsonville Exchange, and Santa Cruz. These customers consider themselves part of the Santa Cruz coastal community, and many of the business customers identify their business as being within the Aptos business community. Santa Cruz is presently a toll call for La Selva Beach customers. However, Aptos has "extended area service" (EAS) to Santa Cruz and Watsonville; for an additional monthly charge, calls to both areas are considered local (not toll).

As a result of this boundary change between the Watsonville and Aptos Exchanges, customers in the transferred area will pay an additional monthly increment of \$0.35 for residence and \$1.00 for business. There will be several rate/charge reductions or eliminations also resulting from the transfer and expansion of the Aptos BRA:

- a. Foreign Exchange (FEX) charges for 389 customers will be eliminated.
- b. FEX mileage charges for 245 customers in the Watsonville Exchange will be reduced.

November 9, 1990

- c. Suburban mileage charges will be eliminated for 79 customers in the transferred area, as well as 17 FEX customers in the Watsonville Exchange.
- d. The additional monthly charge paid by 509 transferred residential customers for Optional Calling Plans to Santa Cruz will be eliminated.
- e. Optional Calling Plans to Campbell, Los Gatos, San Jose (South DA and West DA) and Saratoga will be available to the transferred customers at lower monthly rates.
- f. Call Bonus-Circle Calling Plan customers (64) will have additional exchanges available to them in their circle calling plan area: Fremont-Newark (Oliver DA), La Honda, Palo Alto, Pescadero and Redwood City.

Further, when the Expanded Local Calling Area ordered in D.89-10-031 is implemented, estimated in the first quarter of 1991, the Aptos EAS increments will be eliminated. However, this planned expansion will not result in toll-free local calling from the Watsonville Exchange to Santa Cruz, ergo will not address the La Selva Beach customers' needs as does this resolution.

BACKGROUND

The community of La Selva Beach lies east of Aptos and is located on the northwestern edge of the Watsonville Exchange. Currently, customers in the Watsonville Exchange pay an additional increment on their monthly basic service charge to have EAS to the Aptos Exchange. Calls to Aptos are local calls while calls to Santa Cruz, a major community of interest for La Selva Beach customers, are toll calls [intraLATA Message Telecommunications Service (MTS)]. Customers in the Aptos Exchange have EAS to both Santa Cruz and Watsonville, and pay a higher additional increment on their monthly basic service charge.

On June 15, 1989, this Commission received a petition from the La Selva Beach community signed by 247 customers requesting that Santa Cruz become a local call for them; the President of Pacific Bell was listed as recipient of a copy of this petition. As part of the Watsonville Exchange, calls made by La Selva Beach customers to Santa Cruz are "rated" as 16 miles (rate center to rate center). La Selva Beach, however, is only 12 miles from Santa Cruz; Aptos, the adjacent exchange, is nine (rate center) miles from Santa Cruz.

On June 27, 1990, Pacific filed Advice Letter No. 15766, requesting authority to transfer the area associated with the La Selva Beach community (using local prefix 684) from the Watsonville Exchange to the Aptos Exchange, and to include this area in Aptos' BRA. Of the 8.66 square miles to be transferred, 3.5 square miles are currently part of the Watsonville Exchange's two BRAs. This area is mostly coastal and partly rugged mountainous terrain.

Pacific stated that its annual revenues will be reduced by \$141,617, and that there are no new or additional costs

November 9, 1990

associated with this request. Pacific requested that this transfer be made effective September 16, 1990.

On August 24, 1990, Pacific filed Advice Letter Supplement No. 15766A to request that the transfer be delayed to November 16, 1990, citing "implementation issues that needed to be resolved."

PROTESTS

In late September 1990, Pacific notified the customers affected by the transfer proposed in Advice Letter No. 15766 by first class mail. These customers included the residential and business customers with 684 prefix telephone numbers (including foreign exchange service) and customers with "Call Bonus Community Plans" to Watsonville. The notices to 684 prefix customers included instructions on how to protest this advice letter, pursuant to General Order 96-A Section III.G.5 for rate increases not previously authorized by Commission order. In these notices, Pacific gave customers until October 14, 1990 (a Sunday), to mail a protest to the Commission Advisory and Compliance Division (CACD).

As of October 19, 1990, the CACD had received 76 letters from La Selva Beach customers supporting the proposed transfer to the Aptos Exchange, and expressing their belief that their community had been improperly included in the Watsonville Exchange and thereby overcharged for essentially local service. Of these, 75 were "form" letters which also decried Pacific Bell's further delay of two months (from September 16 to November 16, 1990) in implementing this change, and urged the Commission to "direct Pacific Bell to implement the ... change without further delay." The CACD had requested that customers be given 20 days to protest, but there was no date on the notices, nor a certification by Pacific as to when they were mailed; therefore, the CACD cannot determine if customers were given a full 20 days. However, it appears from the comments received that customers do want this service improvement and have for some time.

DISCUSSION

Historically, local exchange carriers (LECs) have requested changes in exchange boundaries due to the following circumstances:

1. For economic reasons. It may be more convenient and less costly for the LEC to serve some customers from a central office in an adjacent exchange.
2. Customers' requests for financial reasons. The customers' "community of interest" may be located in an adjacent exchange, and as a result, they incur significantly higher than average toll charges for MTS when compared to other customers in their existing exchange.
3. To correct serving irregularity brought about by cross-boundary service. (i.e., service not conforming to the utility's tariff.)

4. To include unfiled territory.

In their petition, the La Selva Beach customers contended that they are part of the Santa Cruz coastal community, that many business customers identify their business as being within the Aptos business community (which has EAS to Santa Cruz), and requested that calling to Santa Cruz be a local call. Pacific's studies (following the receipt of the La Selva Beach community's petition) confirmed that La Selva Beach customers have a higher calling pattern to Santa Cruz than the rest of the Watsonville Exchange. Further, Pacific found that housing developments are originating on the Aptos side of the boundary, extending into the Watsonville Exchange.

It also bears noting that all of the customers which Pacific proposes to transfer are already served through an Aptos central office, which is likely to be the major reason why Pacific anticipates no new or additional costs to implement this transfer. Pacific serves both the Watsonville and Aptos Exchanges from facilities at the same Aptos address. In support of this practice, Pacific cited its tariff Schedule Cal. P.U.C. No. A2.1.1, which states that "More than one central office may be located in the same building" and noted that "it would not be cost effective for Pacific to have a central office building in each of its exchanges." (July 26, 1989 letter to M. Sullivan from T. deBeaubien)

In the area proposed for transfer, there are 1,970 customers (1,517 residential and 218 business). Of this, 300 are Foreign Exchange (FEX) residential subscribers and 51 are FEX business subscribers. FEX is a service of an exchange or district area other than the exchange or district area in which the customer's primary station is located, or extension service in an exchange or district area other than that in which the primary station is located.

34% of the residential customers subscribe to an Optional Calling Plan to Santa Cruz. Pacific's Optional Calling Plans (Call Bonus-Community Plans, Call Bonus-Wide Area Plans, Optional Calling Measured Service) are furnished as an adjunct to individual line service and provide customers with discounted options on toll charges for an additional monthly charge.

The monthly basic telephone service rates for Aptos and Watsonville, including the EAS increments, are:

	<u>Residence</u>	<u>Business</u>
1-party flat		
Aptos	\$9.00	-
Watsonville	\$8.65	-
1-party measured		
Aptos	\$5.10	\$10.30
Watsonville	\$4.75	\$ 9.30

November 9, 1990

Suburban mileage for 1-party flat service outside the BRA is \$0.65 per 1/4 mile increment per month. There are presently 79 customers within the proposed area of transfer paying suburban mileage charges. Pacific recommends the expansion of the Aptos BRA to include all of the suburban areas within the proposed area of transfer because the new boundary reconfiguration will leave "pockets" of suburban areas which will be difficult to administer when applying mileage charges, and may cause confusion to customers.

This Commission's minimum density requirement for incorporating an area into an exchange's BRA is 100 establishments per square mile. In the proposed area of transfer, the total establishments (1,970 customers) divided by the square mileage of the area (8.66) yields a density of 228, which exceeds the density requirement (and is considered "medium" density).

The customers in the area to be transferred will pay the Aptos monthly basic rates, representing an increase of \$0.35 and \$1.00, respectively from their current Watsonville telephone service rates. However, there will be several rate/charge reductions or eliminations also resulting from the transfer and expansion of the Aptos BRA:

- a. FEX charges for 389 FEX customers will be eliminated.
- b. FEX mileage charges for 245 FEX customers in the Watsonville Exchange will be reduced.
- c. Suburban mileage charges will be eliminated for 79 customers in the transferred area, as well as 17 FEX customers in the Watsonville Exchange.
- d. The Optional Calling Plans to Santa Cruz subscribed to by 509 residential customers (and incurring an additional monthly charge) will be eliminated.
- e. Optional Calling Plans to Campbell, Los Gatos, San Jose (South DA and West DA) and Saratoga will be available to the transferred customers at lower monthly rates.
- f. Call Bonus-Circle Calling Plan customers (64) will have additional exchanges available to them in their circle calling plan area: Fremont-Newark (Oliver DA), La Honda, Palo Alto, Pescadero and Redwood City.

Further, when the Expanded Local Calling Area ordered in D.89-10-031 is implemented, estimated in the first quarter of 1991, the Aptos EAS increments will be eliminated as a result of the local calling area expansion to 12 miles. (Aptos is 9 rate center miles from Santa Cruz.) However, this planned expansion will not result in toll-free local calling from the Watsonville Exchange to Santa Cruz, ergo will not address the La Selva Beach customers' needs, as will the proposed transfer.

November 9, 1990

The proposed transfer has the following benefits:

1. Grants the La Selva Beach community local calling to Santa Cruz, its community of interest.
2. Avoids burdening the rest of the Watsonville Exchange customers with an additional monthly rate increment to provide extended one-way local calling from the Watsonville Exchange to the Santa Cruz Exchange.
3. More efficient administration of the area, through elimination or reduction of foreign exchange service, mileage charges and other exceptional conditions.
4. Avoids construction and other additional costs (including those associated with telephone number changes, by transferring the entire 684 prefix).

FINDINGS

1. In June 1989, this Commission received a petition from the La Selva Beach community signed by 247 customers requesting that Santa Cruz become a local call for them; the President of Pacific Bell was listed as recipient of a copy of this petition.
2. On June 27, 1990, Pacific filed Advice Letter No. 15766, requesting authority to transfer the area associated with the La Selva Beach community (using local prefix 684) from the Watsonville Exchange to the Aptos Exchange, and to include this area in Aptos' BRA. Of the 8.66 square miles to be transferred, 3.5 square miles are currently part of the Watsonville Exchange's two BRAs.
3. Pacific stated that its annual revenues will be reduced by \$141,617, and that there are no new or additional costs associated with this request. Pacific requested that this transfer be made effective September 16, 1990.
4. On August 24, 1990, Pacific filed Advice Letter Supplement No. 15766A to request that the transfer be delayed to November 16, 1990.
5. In late September 1990, Pacific notified the customers affected by the transfer proposed in Advice Letter No. 15766 by first class mail. These customers included the residential and business customers with 684 prefix telephone numbers (including foreign exchange service) and customers with "Call Bonus Community Plans" to Watsonville.
6. There was no date on the notices, nor a certification by Pacific as to when they were mailed; the CACD cannot determine if customers were given a full 20 days to protest.

November 9, 1990

7. As of October 19, 1990, the CACD had received 76 letters from customers supporting the proposed transfer to the Aptos Exchange. Of these, 75 were "form" letters which also decried Pacific Bell's delay of two months (from September 16 to November 16, 1990) in implementing this change, and urged the Commission to "direct Pacific Bell to implement the ... change without further delay."

8. Pacific's studies confirmed that La Selva Beach customers have a higher calling pattern to Santa Cruz than the rest of the Watsonville Exchange.

9. In the area proposed for transfer, there are 1,970 customers (1,517 residential and 218 business). 20% of residential and 23% of business customers are FEX subscribers. 34% of the residential customers subscribe to an Optional Calling Plan to Santa Cruz. There are 79 customers within the proposed area of transfer paying suburban mileage charges.

10. In the proposed area of transfer, the total establishments (1,970 customers) divided by the square mileage of the area (8.66) yields a density of 228, which exceeds the density requirement for BRAs.

11. The customers in the area to be transferred will pay the Aptos monthly basic rates, representing an increase of \$0.35 (4-7%) and \$1.00 (11%) for residence and businesses, respectively.

12. There will be several rate/charge reductions or eliminations also resulting from the transfer, and expansion of the Aptos BRA:

- a. FEX charges for 389 customers will be eliminated.
- b. FEX mileage charges for 245 customers in the Watsonville Exchange will be reduced.
- c. Suburban mileage charges will be eliminated for 79 customers in the transferred area, as well as 17 FEX customers in the Watsonville Exchange.
- d. The additional monthly charge paid by 509 transferred residential customers for Optional Calling Plans to Santa Cruz will be eliminated.
- e. Optional Calling Plans to Campbell, Los Gatos, San Jose (South DA and West DA) and Saratoga will be available to the transferred customers at lower monthly rates.
- f. Call Bonus-Circle Calling Plan customers (64) will be have additional exchanges available to them in their circle calling plan area: Fremont-Newark (Oliver DA), La Honda, Palo Alto, Pescadero and Redwood City.

13. The planned Expanded Local Calling Area ordered in D.89-10-031 will not result in toll-free local calling from the Watsonville Exchange to Santa Cruz, ergo will not address the La Selva Beach customers' needs, as will the proposed transfer.

November 9, 1990

14. The proposed transfer has the following benefits:
- a. Grants the La Selva Beach community local calling to Santa Cruz, its community of interest.
 - b. Avoids burdening the rest of the Watsonville Exchange customers with an additional monthly rate increment to provide extended one-way local calling from the Watsonville Exchange to the Santa Cruz Exchange.
 - c. More efficient administration of the area, through elimination or reduction of foreign exchange service, mileage charges and other exceptional conditions.
 - d. Avoids construction and other additional costs (including those associated with telephone number changes, by transferring the entire 684 prefix).

15. The rates, charges, terms and conditions proposed in Advice Letter No. 15766 is just and reasonable; therefore,

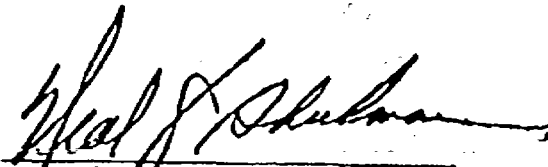
IT IS ORDERED that:

1. Pacific shall transfer approximately 8.66 square miles of territory from the Watsonville Exchange to the Aptos Exchange, as requested in Advice Letter No. 15766.
2. Pacific shall include this transferred territory in the Aptos Exchange's Base Rate Area.
3. Pacific's Advice Letter No. 15766 and its accompanying tariff sheets shall be marked that they were approved by this resolution and the effective date shall be November 16, 1990.
4. 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 November 9, 1990. The following Commissioners approved it:

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

Commissioner Stanley W. Hulett,
being necessarily absent, did
not participate.


NEIL J. SHULMAN
Executive Director