

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14158  
Telecommunications Branch September 25, 1990

R E S O L U T I O N

RESOLUTION T-14158. PACIFIC BELL. REQUEST FOR EXTENSION OF NO-CHARGE GRACE PERIOD TO ALL RESIDENTIAL TOUCH TONE CUSTOMERS SERVED BY STEP-BY-STEP CENTRAL OFFICES WHICH WERE CONVERTED TO ANOTHER SWITCH TYPE AFTER MAY 4, 1990.

BY ADVICE LETTER 15788, FILED ON AUGUST 13, 1990.

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SUMMARY

This resolution authorizes Pacific Bell to modify the no-charge grace period for residential customers of record converted from Step-by-Step central offices to electronic central offices after May 4, 1990. The reference to "customers of record" is removed, thereby eliminating the application of touch-tone calling service rates and charges to residential customers who move or change service in areas served by Step-by-Step switches which were replaced after May 4, 1990.

On August 31, 1990, a protest was filed by the Division of Ratepayer Advocates (DRA) recommending that, 1) applicability of the no-charge grace period be also extended to business customers, and 2) revenue reductions be excluded from Z factor adjustments.

The revenue impact of this change is estimated to be \$2,500.

BACKGROUND

Advice Letter 15788, filed August 13, 1990, requests permission to revise Schedule Cal.P.U.C. No. A5, Exchange Services, 5.4.2 Touch-Tone Calling service. The requested revision will eliminate the application of touch-tone calling service rates and charges to residential customers served by central offices upgraded from step-by-step offices after May 4, 1990.

Resolution T-14067 effective May 4, 1990, approved a grace period for residential customers of record until the residence charges for touch-tone calling service are eliminated as ordered in Decision 89-10-031. During this grace period, only those customers who moved or changed service would be billed the charges for touch-tone calling service. The no-charge grace period was requested to eliminate customer confusion due to the possibility of having charges removed and reinstated and removed again during a short period of time. Pacific now proposes to extend the no-charge grace period to all residential customers served from these offices, including those who move or change service. The request is made to reduce potential customer confusion and to treat residential customers served by the same switch in a consistent manner.

Pacific requests this change on less than statutory notice in order to implement the revision immediately to provide the best customer service.

#### PROTESTS

On August 31, 1990, a protest was filed by the Division of Ratepayer Advocates (DRA) recommending that applicability of the no-charge grace period be extended to business customers as well. DRA noted that in D.89-10-031 the Commission did not oppose elimination of Touch Tone charges for business customers, and that parties in I.87-11-033 have unanimously recommended elimination of Touch Tone charges for business customers.

DRA also recommended that because Advice Letter 15788 was initiated by Pacific and was not in response to a Commission Order, any revenue reductions should be excluded from recovery through Z factor adjustments.

#### DISCUSSION

This advice letter requests authority to extend the no-charge grace period to all residence customers served by step-by-step central offices upgraded after May 4, 1990. The proposed extension of the no-charge grace period would provide consistency in the provision of service to customers served by the same central office. This will avoid on-again, off-again charges when the Commission eliminates touch-tone calling service charges for all residence customers as proposed in Decision 89-10-031.

DRA's protest which recommends inclusion of business customers is based on the likelihood of Commission action extending the elimination of Touch Tone charges to business customers. However, the Commission has yet to take such action and acceptance of DRA's recommendation at this time would be premature. DRA also recommends that revenue reductions be excluded from Z factor adjustments. The issue of Z factor adjustments should be addressed when Pacific files advice letters requesting application of the price cap index and rate adjustment as directed by D.89-10-031, Ordering Paragraph 15.

Pacific estimates that the revenue impact of this proposed revision is \$2,500. The charges in the original grace period applied to only those customers who moved or changed service in these upgraded central offices. The locations of the switches upgraded after May 4, 1990 are primarily outside the metropolitan areas of the state and the number of customers served by these switches is relative small. The revenue foregone by this tariff revision is more than offset by the savings incurred by reduced training time for employees and contact time with customers.

#### FINDINGS

1. Advice Letter 15788, filed August 13, 1990, requests permission to revise Schedule Cal.P.U.C. No. A5, Exchange Services, 5.4.2 Touch-Tone Calling Service. The requested revision will extend the no-charge grace period to all residence customers served by step-by-step central offices which were converted to another switch type after May 4, 1990 and would eliminate the application of touch-tone calling service rates and charges to those customers who move or change service.

2. The extension of the no-charge grace period will eliminate potential customer confusion and provide consistency in the treatment of customers served by the same switch.

3. Extending applicability of the no-charge grace period to business customers at this time presupposes the outcome of pending Commission action.

4. The issue of 2 factor adjustments will not be considered at this time. It would be appropriate to raise this question when Pacific files advice letters requesting application of the price cap index and rate adjustment as directed by D.89-10-031, Ordering Paragraph 15.

#### THEREFORE, IT IS ORDERED that:

1. Advice Letter 15788 is approved. The Advice Letter and appropriate tariff sheets authorized herein shall be marked to show that they were authorized under Resolution T-14158.

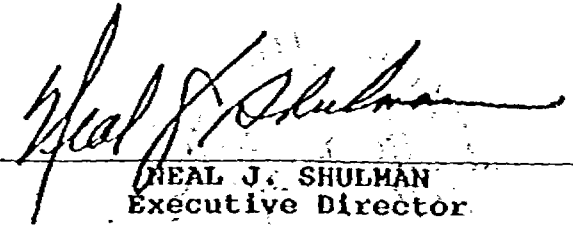
2. The protest of DRA is denied.

3. The effective date of this resolution is today.

September 25, 1990

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 25, 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.