

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION      RESOLUTION T-14166  
Telecommunications Branch                                      September 25, 1990

R E S O L U T I O N

RESOLUTION T-14166.    GTE CALIFORNIA.    ORDER  
AUTHORIZING GTE CALIFORNIA TO PROVIDE CENTRANET SERVICE  
TO ROCKWELL INTERNATIONAL UNDER CONTRACT.

BY ADVICE LETTER NO. 5273, FILED SEPTEMBER 4, 1990.

SUMMARY

GTE California (GTEC), by Advice Letter No. 5273, filed September 4, 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 Rockwell International (Rockwell) with CentraNet service under contract at its Downey, California location. This Resolution authorizes GTEC to provide CentraNet service under contract which GTEC estimates will result in an decrease in annual revenue of \$106,563 from the existing tariff rates.

No protests to this Advice Letter No. 5273 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 CentraNet for GTEC and Centrx for Pacific Bell, 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.

D. 90-04-031 has placed new conditions on special contracts by applying "the principles of unbundling, nondiscriminatory access, imputation, and basing rate structures of monopoly utility services on underlying cost structures." However since

this contract was signed prior to the date of the Decision, D. 90-04-031 is not applicable in this case.

This contract filed under Advice Letter No. 5273 covers the provisioning of CentraNet service to Rockwell. CentraNet is a central office based communications system which includes primary stations lines capable of "direct out dialing" of calls and are equipped with optional features.

Under the terms of the contract, GTEC agrees to provide Rockwell, who currently takes CentraNet service under Tariff, 5,715 lines and optional features for a period of five years at a monthly rate of \$93,392. GTEC indicates that Commission authorization of this contract will result in a net decrease in annual revenue of \$106,563 compared to current tariff rates for this service.

#### PROTESTS

No protests have been filed on GTEC's Advice Letter No. 5273.

#### DISCUSSION

In reviewing Advice Letter No. 5273, we note the following.

- a. The contract contains the necessary language which conditions its approval upon Commission authorization.
- b. The Advice Letter and the Rockwell contract are public documents.
- c. GTEC requests in the Advice Letter that the workpapers and supporting cost documentation associated with the contract be treated as confidential.
- d. The contract provides for the offering of CentraNet service which is an appropriate service for offering under a contractual agreement.
- e. The rates and charges set forth in the contract covers the cost of providing the CentraNet service offered under the contract.
- f. The methodology used by GTEC to develop the costs of providing CentraNet service to Rockwell under the terms of the contract is based on the direct embedded methodology.
- g. The per line rate in this contract is based on a costing process which uses the current 1MB (measured business) tariff rate for the access line and a discounted rate for the features.
- h. The Advice Letter states that Schedule Cal. P.U.C. No. A-38 surcharges are not applicable to the rates and charges set forth in these contracts.

- i. The Advice Letter indicates that the costs and revenues associated with the Rockwell contract will be tracked.
- j. A contract is required for Rockwell because the customer requires a fixed price contract that is competitive with PBX alternatives; this requirement cannot be met by the CentraNet service available under GTEC's present tariff.
- k. A tariff schedule is created which lists all special contracts.
- l. The Advice Letter indicates that GTEC is serving this first Advice Letter requesting approval of a special contract on all parties in I. 87-11-033 and shall make all subsequent filings available upon request.

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 shall 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. GTEC filed Advice Letter No. 5273 on September 4, 1990 requesting Commission authorization to provide CentraNet service to Rockwell under a Customer Specific Contract.
2. 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. D. 90-04-031 is not applicable to this contract.
4. Authorization of the Rockwell contract will result in an decrease in GTEC's annual revenue of \$106,563 for each year of the contract.

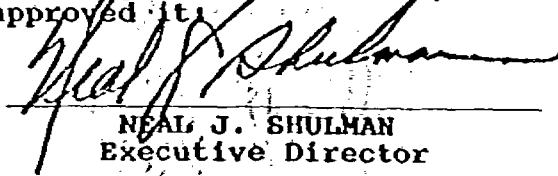
THEREFORE, IT IS ORDERED that:

- (1) Authority is granted to make the above Advice Letter and contract effective on September 26, 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-14166.
- (3) All tariff sheets filed under Advice Letter No. 5273 shall be marked to show that such sheets were authorized by Resolution of the public Utilities Commission of the Stat of California No. T-14166.

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 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.