

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory & Compliance Division
Telecommunications BranchRESOLUTION T-14175
Date October 12, 1990R E S O L U T I O N

RESOLUTION T-14175. GTE MOBILNET OF CALIFORNIA L.P. (U-3002-C) and GTE MOBILNET OF SANTA BARBARA L.P. (U-3011-C). RESOLUTION ESTABLISHING CELLULAR RADIOTELEPHONE SERVICE DOWNWARD PRICING FLEXIBILITY PER TEMPORARY TARIFF AUTHORITY PURSUANT TO ORDERING PARAGRAPH NO. 8 OF DECISION 90-06-025.

BY ADVICE LETTERS NO. 40 AND 21, FILED ON JULY 23, 1990.

SUMMARY

This Resolution authorizes GTE Mobilnet of California L.P. and GTE Mobilnet of Santa Barbara L.P. (Mobilnet) to exercise the maximum downward pricing flexibility authorized by Decision No. 90-06-025 of not in excess of ten percent (10%) per temporary filing.

BACKGROUND

Decision No. 90-06-025 authorized cellular radiotelephone utilities (carrier or reseller) to make rate reduction tariff filings which will not impact an average customer's bill by more than ten (10) percent. Such offers are to be classified as a temporary tariff and made effective on the date filed. Absent any protest to the tariff filing within the prescribed 20-day protest period, the temporary status of the offer shall expire and it shall be classified as a permanent tariff pursuant to the terms of the tariff provision.

Prior to making use of such temporary tariff filings, the Commission required cellular utilities to make an annual filing to establish how large a range they should have for temporary tariff filings. Otherwise, the question of whether or not temporary tariffs fall within the ten percent limit could become contentious.

The Commission required each utility wishing to use the temporary tariffs for rate reductions to file an Advice Letter containing calculations sufficient to support the requested range of flexibility. Utilities can request less than the maximum ten percent of the expected customer revenues as the

allowed range, but must file a further Advice Letter if they wish later to expand the range.

On July 23, Mobilnet filed its Advice Letters Nos. 40 and 21 requesting the maximum pricing flexibility authorized by Decision No. 90-06-025.

DISCUSSION

In its Advice Letters, Mobilnet proposes that the downward pricing flexibility include the following elements:

- a) that a cellular carrier will provide to the Commission Advisory and Compliance Division (CACD) the base estimated average customer bill for 1990.
- b) that the revenue effect of each temporary tariff advice letter filing will be calculated on the basis of the net effect on the average customer bill of all rate element changes (downward and upward) made in the Advice Letter filing.
- c) any advice letter filed pursuant to Ordering Paragraph No. 9 of Decision 90-06-025 (pertaining to rate increases) will include a calculation of the net effect on the base estimated average customer bill.

Concurrently with filing its Advice Letters, Mobilnet submitted to CACD, under seal for confidential treatment pursuant to General Order No. 66-C, certain proprietary information which calculates the range of pricing flexibility requested by Mobilnet.

Mobilnet's proposal is similar to that of Fresno MSA L.P. (Fresno) which was approved by the Commission in Resolution T-14126 on September 12, 1990. As with Fresno's filing, we find Mobilnet's to be reasonable except for item b, which implies some rate element increase in conjunction with rate element decreases. As we stated in our Decision No. 90-06-025, page 53, temporary tariffs may be used only for rate decreases, by which we mean that no temporary tariff may be used to increase any existing rate element.

We will require Mobilnet to revise its temporary tariff rule to reflect this provision.

PROTESTS

On August 13, 1990, the California Reseller's Association (CRA) filed a protest to Mobilnet's Advice Letter No. 40. CRA called Mobilnet's temporary tariff authority request flawed and not in compliance with Decision No. 90-06-025. CRA questioned Mobilnet's choice of historical data and methodology used to compute its average customer bill. CRA claimed that Mobilnet failed to restrict the discount limit it seeks in its discount flexibility, and has not defined what it means by "net effect" of any temporary tariff filing on an average customer bill. CRA also requests the Commission to release all supporting

calculations filed by Mobilnet with CACD to CRA under the terms of a non-disclosure agreement.

Mobilnet responded to CRA's protest on August 17, 1990. Mobilnet defends its choice of using actual customer revenues in the first six months of 1990 to estimate the average customer bill in 1990. Mobilnet says that its calculation methodology is not flawed and is based on an average number of customers and reflects aggregate monthly charges, including monthly access, airtime, and other miscellaneous charges.

Mobilnet declares that by "net effect" it proposes filing decreases in some rate elements and increases in others; the "net effect" of the decreases would offset the increases it seeks in the average customer's bill.

Mobilnet states that in its Advice Letter it clearly indicates that the limit of its pricing flexibility sought is 10%.

Finally, Mobilnet objects to any provision to CRA of the proprietary and confidential data it has supplied CACD in support of its temporary tariff authority request.

Protest was also made by Cellular Dynamics Telephone Company of San Francisco (Cellular Dynamics) on August 10, 1990 to Mobilnet's Advice Letter No. 40. Cellular Dynamics protests that Mobilnet seeks authority to use temporary tariffs to impose rate increases, which is not authorized by the Commission's Decision No. 90-06-025 for that purpose. Cellular Dynamics also questions the validity of Mobilnet's calculation of the average customer bill and requests that all material furnished CACD by Mobilnet in support of Advice Letter No. 40 be made available to Cellular Dynamics through the terms of a non-disclosure agreement.

Mobilnet responded to Cellular Dynamics' protest on August 17, 1990, defending its proposal to incorporate simultaneous rate element increase and rate element decreases through temporary tariff filing. Mobilnet clarified its calculation methodology for Cellular Dynamics in a manner similar to its response to CRA, but refused to release any proprietary information provided CACD to Cellular Dynamics.

In our Resolution T-14126 granting temporary tariff authority to Fresno, we encouraged any utility seeking such authority to share the supporting calculation provided CACD with any interested party under the terms of a mutually satisfactory non-disclosure agreement. Should such a release of the supporting calculation fail to develop, we elected to summarize the calculation in the Resolution granting the utility the temporary tariff authority.

Mobilnet declines to release the calculation so we summarize it as follows:

Mobilnet analyzed customer bases of GTE Mobilnet of California, GTE Mobilnet of Santa Barbara, and the San Luis Obispo Rural

Service Area. The Salinas Metropolitan Service Area was included in the Service Area of GTE Mobilnet of California.

Customer revenues from the first six months of 1990 were analyzed, with the following constraints:

- Customer airtime must be greater than zero
- Master Service Date prior to 1990 (except San Luis Obispo)
- Active Customers only
- Access, airtime and enhanced services only (no taxes)

The results of the calculation indicate an average monthly retail subscriber bill in the range \$150 to \$175 for GTE Mobilnet of California, and \$125 to \$150 for both GTE Mobilnet of Santa Barbara and San Luis Obispo.

We recall from our Decision No. 90-06-025 that we indicated that we would not permit cellular facilities-based carriers to use temporary tariffs to make rate changes that reduce the current margins between wholesale and retail rates until revisions had been made to the cellular Uniform System of Accounts (USOA) to incorporate cost-allocation methods for any carrier's wholesale and retail operations. We will reiterate this to Mobilnet in our approval of its request for temporary tariff authority.

We dismiss the protests of CRA and Cellular Dynamics (except in part regarding rate element increase by temporary tariff filing) to Mobilnet's Advice Letter Nos. 40 and 21.

FINDINGS

- 1.) We find that Mobilnet has submitted sufficient information and calculations in its Advice Letter Nos. 40 and 21 and concurrent proprietary submittal to CACD to support the requested range of downward pricing flexibility (10%).
- 2.) Temporary tariff filings may not be used to increase any rate element.
- 3.) Temporary tariff filings shall not be used to make rate changes that reduce the current margins between wholesale and retail rates until a revised USOA is put into place by further Commission Order.
- 4.) The protests of CRA and Cellular Dynamics to Mobilnet's Advice Letter Nos. 40 and 21 are dismissed.

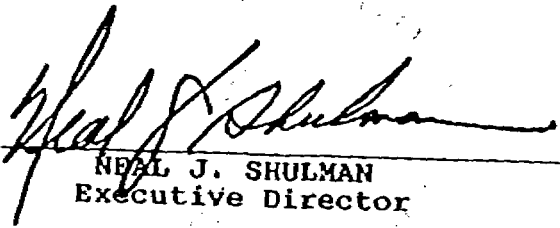
THEREFORE, IT IS ORDERED that:

- 1.) GTE Mobilnet of California, L.P., and GTE Mobilnet of Santa Barbara, L.P., are authorized to file, as temporary tariffs effective immediately, rate reductions which will not impact an average customer's bill by more than ten (10) percent at any one time. No temporary tariff filing will be accepted that increases any rate element. Mobilnet will supplement its Advice Letter Nos. 40 and 21 to reflect this requirement that no rate element may be increased through a

- temporary tariff filing. Advice Letter Nos. 40 and 21 will become effective one-day after the filing of this supplement.
- 2.) Such temporary tariff filings shall become permanent pursuant to the conditions specified in Ordering Paragraph No. 8 of Decision No. 90-06-025.
 - 3.) This temporary tariff authority is valid for the year 1990; temporary tariff authority may be renewed annually by Mobilnet by future advice letter request on 30-day notice.
 - 4.) Mobilnet shall not use temporary tariffs to make rate changes that reduce the current margins between wholesale and retail rates until a revised USOA is put in place by further Commission decision.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 12, 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