

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division
Telecommunications Branch

RESOLUTION T-14210
November 9, 1990

R E S O L U T I O N

RESOLUTION T-14210. LOS ANGELES SMSA LIMITED PARTNERSHIP.
RESOLUTION ESTABLISHING CELLULAR RADIOTELEPHONE SERVICE
DOWNWARD PRICING FLEXIBILITY PER TEMPORARY TARIFF
AUTHORITY PURSUANT TO ORDERING PARAGRAPH NO. 8 OF DECISION
90-06-025, AS MODIFIED BY DECISION 90-10-047.

BY ADVICE LETTER No. 73, SUPPLEMENTED WITH ADVICE LETTER
No. 73-A, FILED ON AUGUST 13, 1990 AND OCTOBER 5, 1990
RESPECTIVELY.

SUMMARY

This Resolution authorizes Los Angeles SMSA Limited Partnership to exercise downward pricing flexibility to its cellular radiotelephone service per Decision 90-06-025, as modified by Decision 90-10-047. This authority allows Los Angeles SMSA Limited Partnership to make temporary tariff filings for reductions of up to ten percent (10%) of its average customer bill. This Resolution also addresses protests filed by Cellular Resellers Association, Inc. and Cellular Dynamics Telephone Company.

BACKGROUND

Decision (D.) 90-06-025, as modified by D.90-10-047, authorized cellular radiotelephone utilities (resellers and facility-based carriers) to make rate reduction tariff filings which will not affect an average customer's bill by more than ten percent (10%). Such offers can be classified as a temporary tariff and made effective on the date filed. According to Ordering Paragraph 8.b.(2) of the modified Decision:

"If a protest is filed, the tariff shall remain a temporary tariff until the protest has been resolved or by order of the Commission; if, within six months of the filing of the temporary tariff, no resolution of the protest takes place and the Commission does not act, the protest shall be deemed denied and the tariff shall be classified as a permanent tariff pursuant to the terms of the tariff provisions."

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The Commission requires cellular utilities, prior to making use of such temporary tariff filings, to make annual filings to establish a range of its downward pricing flexibility. The initial filing shall be effective only upon Commission resolution; subsequent filings to renew this authority shall be 40-day effective date advice letters.

The Commission also requires that the advice letters requesting temporary tariff authority contain 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 August 13, 1990, Los Angeles SMSA Limited Partnership (LASMSA), a facilities-based carrier in the Los Angeles MSA, filed Advice Letter (A.L.) No. 73 requesting the maximum pricing flexibility authorized by D.90-06-025. LASMSA submitted certain proprietary information to the Commission Advisory and Compliance Division (CACD), under seal of confidential treatment pursuant to General Order No. 66-C, to support its requested range of pricing flexibility.

PROTESTS

Cellular Dynamics Telephone Company of Los Angeles (CD) and California Resellers Association, Inc. (CRA) on August 30, 1990 and August 31, 1990 respectively, filed protests to LASMSA's A.L. No. 73. CD and CRA claim that LASMSA's request for temporary tariff filing authority is not in compliance with D.90-06-025. CD points out that the language in A.L. No. 73 accords LASMSA the ability impose rate increases through temporary tariffs filings. CRA and CD also request the Commission to release all supporting information filed by LASMSA to CRA under the terms of a non-disclosure agreement.

LASMSA responded to the protests by explaining that the requested information is proprietary and its release to competitors will only hamper the competitive environment the Commission wishes to foster in the cellular industry. LASMSA filed a supplement to A.L. No. 73 (A) to clarify that the use of its temporary tariff authority will be limited to price decreases.

DISCUSSION

In Resolution T-14126, dated September 12, 1990, the first resolution granting temporary tariff filing authority, the Commission encouraged the sharing of supporting information submitted under seal of confidential treatment between parties through a mutually satisfactory nondisclosure agreement. To avoid any further conflict on this issue, we will as a standard procedure provide in our resolution a summary of the methodology of calculation, period used to estimate requested average customer bill, categories comprising the components of the retail average customer bill, and the range of the average monthly bill.

In determining its monthly retail subscriber bill, LASHSA took the total service revenue for January 1990 to June 1990, divided by six to obtain average monthly revenue. This total was divided by the average number of subscribers during this period. The average monthly retail subscriber bill was found to be in the range of \$125 to \$150.

CACD has reviewed the submitted information supporting the requested range of downward pricing flexibility and finds it to be sufficient.

D.90-06-025 does not permit cellular facilities-based carriers to use temporary tariffs to make rate changes that reduce the current margin between wholesale and retail rates until revisions to the cellular Uniform System of Accounts (USOA) which would establish cost-allocation methods for any carrier's wholesale and retail operations are authorized. Furthermore, temporary tariff filings as authorized by D.90-06-025 shall not be used to increase any rate element. We will reiterate these constraints to LASMSA in our approval of its request for temporary tariff authority.

FINDINGS

- 1.) We find that LASMSA has submitted sufficient information and calculations in its Advice Letter No. 73 and associated proprietary submittal to CACD to support the requested range of downward pricing flexibility.
- 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 has been ordered by the Commission.
- 4.) The protest by Cellular Dynamics and CRA is dismissed.

THEREFORE, IT IS ORDERED that:

1. Los Angeles SMSA Limited Partnership is authorized to file, as temporary tariffs effective immediately, rate reductions which will not impact an average customer's bill by more than 10% at any one time.
2. Such temporary tariff filings shall become permanent pursuant to the conditions established in Ordering Paragraph No. 8 of Commission Decision 90-06-025, as modified by Decision 90-10-047.
3. This temporary tariff authority is valid for the period of one year from the effective date of this Resolution and may be renewed annually by 40-day effective date advice letters.

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4. Los Angeles SMSA Limited Partnership 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 November 9, 1990. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director

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