

services on underlying cost structures. However, D.91-01-018 has tempered this requirement until a further decision on this matter is issued. In the interim, LECs may file advice letters for Centrex contracts using the pricing methodology approved by the commission in D.88-09-059.

This contract filed under Advice Letter No. 15889 covers the provision of Centrex service to Hawthorne. Centrex is a central office based communications system equipped with primary station lines capable of receiving direct in-dialed calls and capable of direct out-dialing of calls with optional features.

Under the terms of the contract, Pacific agrees to provide Hawthorne, which currently has Centrex service under tariff, with 220 lines and associated features for a period of five years at a fixed rate of \$2,717 per month. Hawthorne may elect to add a maximum of 30 growth lines at the monthly rate of \$12.35 per line during the life of the contract. Nonrecurring charges for growth lines will be at the prevailing tariff rate. Pacific indicates that Commission authorization of this contract will result in a decrease in annual revenue of \$20,064 for the first year of the contract.

NOTICE/PROTESTS

Pacific states that a copy of the Advice Letter was mailed to competing and adjacent utilities and/or other utilities and to the customer named in the contract.

No protests have been filed on Pacific's Advice Letter No. 15889.

DISCUSSION

In reviewing Advice Letter No. 15889, we note the following.

- a. The contract contains the necessary language which conditions its approval upon Commission authorization.
- b. The Advice Letter and the contract are public documents.
- c. Pacific requests in the Advice Letter that the workpapers and supporting cost documentation associated with the contract be treated as confidential.
- d. Pacific has offered the parties to the Phase I Settlement in I.87-11-033 the opportunity to receive and review the workpapers and supporting documentation associated with the contract if such a party (Division of Ratepayer Advocates excepted from this requirement) first enters into a protective agreement.
- e. The contract provides for the offering of Centrex service which is an appropriate service for offering under a contractual arrangement.

f. The rates and charges set forth in the contract cover the direct embedded cost of providing the Centrex service offered under the terms of the contract.

g. The monthly rate per line, excluding nonrecurring charges, for Centrex service under the terms of the contract is greater than the sum of the present one-party business measured service rate and the multi-line End User Common Line charge per month per line (1MB+EUCL).

h. The Advice Letter indicates that the costs and revenues associated with the contract will be tracked.

i. A contract is required in this case because the customer requires a fixed price contract that is competitive with PBX alternatives; this requirement cannot be met by the Centrex service available under Pacific's present tariff.

j. Pacific has offered to provide the customer deaveraged PBX trunk rates under contract, at rates determined by the same cost methodology used to determine the contract Centrex line rate.

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 should 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 a precedent for the contents or for Commission approval of similar requests.

FINDINGS

1. Pacific Bell filed Advice Letter No. 15889 on February 15, 1991 requesting Commission authorization to provide Centrex service to Hawthorne under a customer specific contract.

2. The Advice Letter conforms to the requirements of Decision Nos. 88-09-059 and 91-01-018, Resolutions Nos. T-13069 and T-13091, and G.O. 96-A.

3. Authorization of the Hawthorne contract will result in an estimated decrease in Pacific's annual revenue of \$20,064 for the first year of the contract.

4. Commission authorization of the Advice Letter and the Hawthorne contract does not establish a precedent for the contents of the filing, or the Commission approval of similar requests. Commission approval is based on the specifics of the Hawthorne contract.

5. The rates, charges, terms and conditions of the Centrex contractual service in this Resolution are just and reasonable.

THEREFORE, IT IS ORDERED that:

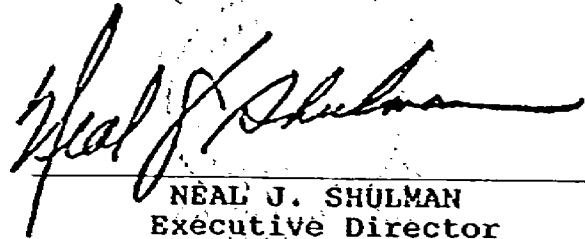
1. Authority is granted to make Advice Letter No. 15889 and the contract between Pacific and Hawthorne effective on March 23, 1991.

2. The Advice Letter, tariff sheets 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-14353.

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 March 22, 1991. The following Commissioners approved it:

PATRICIA M. ECKERT
President
G. MITCHELL WILK
JOHN B. CHANIAN
DANIEL Wm. FESSLER
NORMAN D. SHUMWAY
Commissioners



NEAL J. SHULMAN
Executive Director