

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Telecommunications Branch

RESOLUTION T-14369  
April 10, 1991

R E S O L U T I O N

RESOLUTION T-14369. PACIFIC BELL. ORDER AUTHORIZING A CONTRACT COVERING THE PROVISION OF CENTREX SERVICE TO FGS INSURANCE AGENCY, INC.

BY ADVICE LETTER NO. 15912, FILED ON MARCH 12, 1991.

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SUMMARY

Pacific Bell (Pacific), by Advice Letter No. 15912, filed March 12, 1991 requests authority under the provisions of General Order No. 96-A (G.O. 96-A) and Decision Nos. (D.) 88-09-059 and 91-01-018 to deviate from filed tariff schedules in order to provide FGS Insurance Agency, Inc. (FGS Insurance) with Centrex service under a special contract.

This resolution authorizes the contract, which Pacific estimates will result in an annual revenue decrease of \$92,077 for the life of the contract. If the contract is not authorized and FGS Insurance opts for an alternative system to replace its current tariffed Centrex, the potential decrease to Pacific's annual revenue would be \$229,927. No protests to this Advice Letter were filed.

BACKGROUND

In D.88-09-059 the Commission adopted a modified Phase I 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 Centrex service, under the terms of contracts between the LECs and their customers. The Settlement provides that such contracts become effective upon authorization by the Commission.

The process and requirements for the filing of advice letters to request authorization of customer specific contracts are set forth in Appendix A of D.88-09-059. Resolution No. T-13091, 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 further requires that special contracts comply with the principles of unbundling, nondiscriminatory access, imputation, and basing rate structures of monopoly utility 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. 15912 covers the provision of Centrex service to FGS Insurance. Centrex service 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 FGS Insurance, which currently has tariffed Centrex, with an initial 284 lines and associated features for a period of five (5) years at a contract price of \$12,285 per month. FGS Insurance may elect to add a maximum of 100 growth lines at the monthly rate of \$43.26 per line during the life of the contract. Nonrecurring charges for the growth lines shall be at prevailing tariff rates. Pacific estimates that the annual revenue impact will be a decrease of \$92,077 for the life of the contract. However, if FGS Insurance proceeds to opt for an alternative system to replace its current tariffed Centrex service, the potential annual revenue impact to Pacific would be a decrease of \$229,927.

#### 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 were filed on Pacific's Advice Letter No. 15912.

#### DISCUSSION

In reviewing Advice Letter No. 15912, we note the following:

- a. The contract contains the necessary language and 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.87-11-023 the opportunity to receive and review the workpapers and supporting documentation associated with the contract, if such a party (except the Division of Ratepayer Advocates) 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 agreement.
- f. The rates and charges set forth in the contract cover the direct embedded cost of providing 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 that would meet their needs; 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 methodology used in the customer specific contract for Centrex service.

With the foregoing, it is established that Advice Letter No. 15912 meets the requirements set forth in the previously mentioned Commission orders and G.O. 96-A, and should therefore be approved. The 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. 15912 on March 12, 1991 requesting Commission authorization to provide Centrex service to FGS Insurance under a customer specific contract.
2. The Advice Letter and the contract conform to the requirements of D.88-09-059, D.91-01-018, Resolution Nos. T-13069 and T-13091, and G.O. No. 96-A.
3. Authorization of the FGS Insurance contract will result in an estimated decrease in Pacific's annual revenue of \$92,077 for the life of the contract.

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

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

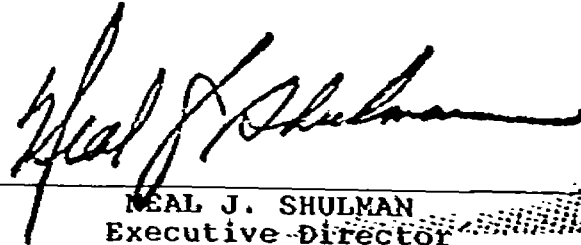
THEREFORE, IT IS ORDERED that:

1. Authority is granted to make Advice Letter No. 15912 and the contract between Pacific and FGS Insurance effective on April 11, 1991.

2. The Advice Letter, tariff sheets, and contract referred to herein shall be marked to show that they were authorized under Resolution of the Public Utilities Commission of the State of California No. T-14369.

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 April 10, 1991. The following Commissioners approved it:



NEAL J. SHULMAN  
Executive Director

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