

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division
Telecommunications BranchRESOLUTION T-14494
June 19, 1991

R E S O L U T I O N

RESOLUTION T-14494. CELLULAR PACIFIC. 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. 3, FILED ON FEBRUARY 6, 1991;
SUPPLEMENTED BY ADVICE LETTER No. 3-A ON MARCH 20, 1991.

SUMMARY

This Resolution authorizes Cellular Pacific to exercise downward pricing flexibility to its resale cellular radiotelephone services per Decision (D.) 90-06-025, as modified by D.90-10-047. This authority allows Cellular Pacific to make temporary tariff filings for reductions which will not impact an average customer's bill by more than ten percent (10%). No protests were received.

BACKGROUND

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."

The Commission requires cellular utilities, prior to making use of such temporary tariff filings, to make annual filings to establish a range of downward pricing flexibility. The initial filing shall be effective only upon Commission resolution; subsequent filings to renew this authority shall be through 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 average customer bill as the allowed range, but must file a further advice letter if they wish later to expand the range. In addition, D.90-06-025 does not permit temporary tariff filings to increase any rate element.

On February 6, 1991, Cellular Pacific, a facilities-based carrier in the California 11 Rural Service Area, which encompasses El Dorado County, requested authority to file temporary tariffs authorized by D.90-06-025 by filing Advice Letter No. 3 for its services. Cellular Pacific 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.

NOTICE/PROTESTS

A copy of the advice letter and its supplement were served on competing and adjacent utilities on the date of their filing. No protests were received regarding this filing.

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 the utility and interested parties through a mutually satisfactory nondisclosure agreement. The Commission also decided to include in any resolution granting a utility temporary tariff authority, basic information supplied in the supporting calculations. We are providing as a standard procedure, a summary of the methodology of calculation, period used to estimate requested average customer bill, the components of the retail average customer bill, and the range of the average monthly bill.

In determining its average monthly retail subscriber bill, Cellular Pacific took the monthly service revenues for the billing period of March 1991 through May 1991, and divided each month's revenue by the total number of subscribers for that month. The average monthly subscriber bill was obtained by summing these values and dividing by three. The components of Cellular Pacific's service revenues include the activation charges, monthly service charges, usage charges, and roamer charges. Cellular Pacific's average monthly retail subscriber bill was found to be in the range of \$60 to \$100.

CACD has reviewed the submitted information supporting the requested range of downward pricing flexibility and has determined 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

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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 may not be used to increase any rate element.

FINDINGS

1. Cellular Pacific has submitted sufficient information and calculations in its Advice Letter No. 3, supplemented by Advice Letter No. 3-A, and associated proprietary submittal to CACD to support its requested range of downward pricing flexibility.
2. Temporary tariff filings may not be used to increase any rate element.
3. Temporary tariff filings may 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.

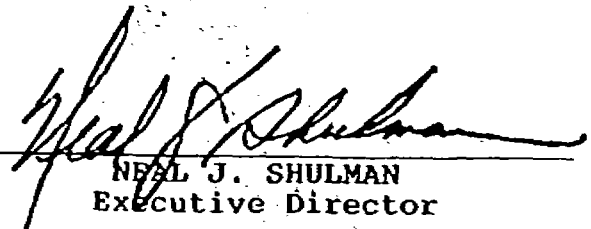
THEREFORE, IT IS ORDERED that:

1. Cellular Pacific is authorized to file, as temporary tariffs effective immediately, rate reductions which will not impact an average customer's monthly bill by more than ten percent (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 a period of one year from the effective date of this Resolution and may be renewed annually by 40-day effective date advice letters.
4. Cellular Pacific 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.

This Resolution is effective today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on June 19, 1991. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director