

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION  
Telecommunications BranchRESOLUTION T-14507  
October 11, 1991R E S O L U T I O N

RESOLUTION T-14507. SACRAMENTO-VALLEY LIMITED PARTNERSHIP. ORDER REGARDING A PROPOSED INCREASE IN THE OCCASIONAL ROAMER AND AUTOMATIC ROAMING RATES AND THE ESTABLISHMENT OF A ROAMER ACCESS CHARGE.

BY ADVICE LETTER NO. 54, FILED ON APRIL 9, 1991.

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SUMMARY

Sacramento-Valley Limited Partnership (SVLP), by Advice Letter No. 54, filed April 9, 1991 requests authority to increase its Occasional Roamer and Automatic Roaming Usage Rates and to establish a Roamer Access Charge. Copies of this Advice Letter have been served on interested parties and competing utilities pursuant to General Order (G.O.) 96-A, Section III.G.

This Resolution rejects without prejudice SVLP's proposed roamer usage rate increase and the establishment of an access charge per number, per day, totaling \$741,000 in revenue per year. It allows SVLP, if it wants to pursue said increase, to file its proposal as an application. Recent rate increase filings by several facilities-based carriers have pointed out inconsistencies in Ordering Paragraph (O.P.) 9 of Decision (D.) 90-06-025, which detailed the requirements for handling rate increases through the advice letter process. The advice letter process would not be a proper vehicle to allow the Commission to reconsider possible changes or clarification to O.P. 9. The Commission would be willing to entertain an application for clarification on O.P. 9.

No protests were received on this advice letter. However affected customers could not be individually noticed because they are not customers of SVLP. Roamer rates and charges apply to customers from other utilities roaming into SVLP's serving territory.

BACKGROUND

SVLP, in Advice Letter No. 54, is requesting increases in its roamer usage rates and the establishment of a roamer access charge due to increasing costs associated with the expansion of the system and roamer coverage. SVLP is a cellular radio telecommunications utility, operating in the greater Sacramento, Stockton, Modesto, Yuba City, Chico and Redding Metropolitan areas, and the Tehama rural service area. Roamer service refers

to cellular radio telecommunications service furnished by SVLP in its service area to a cellular customer of a carrier located outside the service area (different switch classification), or to an SVLP customer whose basic access number is in another service area (same switch classification). The proposed rate increases are only for non-SVPL customers.

SVLP presently offers two kinds of roamer service:

1. Occasional Roamer - service provided to a roamer whose home carrier company does not have an intercarrier agreement with SVLP.
2. Automatic Roaming - roaming is charged back to a user's home system pursuant to an intercarrier agreement. This does not require the customer to register with SVLP prior to roaming on their system.

Roamer rates cover all landline services necessary to complete and conduct calls from cellular mobile terminals to any station within the Cellular Geographic Service Area (CGSA) from which the call is placed. Calls placed from one CGSA to another will incur long distance charges.

SVLP's proposed increases are as follows:

	<u>Present Usage Rate</u>	<u>Proposed Usage Rate</u>	<u>Difference</u>	<u>Per Cent Change</u>
<u>Occasional Roamer</u>				
Usage Rates				
Peak, per minute				
Area A	\$0.45	\$0.50	\$0.05	11
Area B	\$0.55	\$0.50	(\$0.05)	(9)
Off-Peak, per minute				
Area A	\$0.15	\$0.50	\$0.35	233
Area B	\$0.27	\$0.50	\$0.23	85
Access Charge (per number, per day)				
Area A	-	\$2.00	\$2.00	
Area B	-	\$2.00	\$2.00	
<u>Automatic Roaming</u>				
Usage Rates				
Peak, per minute				
Area A	\$0.45	\$0.50	\$0.05	11
Area B	\$0.55	\$0.50	(\$0.05)	(9)
Off-Peak, per minute				
Area A	\$0.15	\$0.50	\$0.35	233
Area B	\$0.27	\$0.50	\$0.23	85
Access Charge (per number, per day)				
Area A	-	\$2.00	\$2.00	
Area B	-	\$2.00	\$2.00	

October 11, 1991

Area A refers to the Greater Sacramento, Stockton, Modesto and Yuba City Metropolitan Areas and the two Tehama Rural Area southern cells sites. Area B covers the Chico and Redding Metropolitan Areas and the four Tehama Rural Area northern cell sites.

SVLP states that their roaming rates are currently undervalued. During the past 6 years, roamer rates have not changed while SVLP's roamer coverage has increased significantly and roamer services have been enhanced. SVLP's service has expanded within the Sacramento MSA and into the Chico, Yuba City, Redding, Stockton, and Modesto MSAs and the Tehama RSA. Auto-Access Roaming was introduced in June, 1990 and Follow-Me Roaming was introduced in April, 1989, both of which improved the quality of roaming service provided by SVLP to their customers as part of its basic service. Follow-Me Roaming facilitates a call to be completed to a customer roaming in the service area of other carriers participating in the program via a recorded announcement. Auto Access Roaming is similar to Follow-Me Roaming except that instead of having to key in a touch-tone code each time an end-user travels to a new service area, an authorization code is keyed in one time only in the user's area.

Also, automatic roaming agreements have been ratified with numerous other carriers nationwide, allowing roamers to use SVLP's system without using a credit card or setting up a new account. Within the same period, there was inflation and escalating costs of goods, wages, and services. As a result, the charges for SVLP's roamer service have actually declined in "real dollars".

SVLP's present roamer rates are not comparable to either the rates which SVLP customers pay when roaming on adjacent systems or to rates which are currently in effect for SVLP's non-wireline competitors. In Resolution No. T-13068, dated May 10, 1989, the Commission allowed Stockton Cellular Telephone Company and Sacramento Cellular Telephone Company to change their roaming rates to \$0.50 per minute, peak and off-peak, and institute a \$2.00 per day usage charge.

SVLP requested that the advice letter become effective on regular notice. The Commission Advisory and Compliance Division (CACD) however advised SVLP that because its advice letter was a rate increase it must be filed in compliance with O.P. 9 of D.90-06-025 which states:

"A cellular carrier seeking an increase in rates shall substantiate its request in an advice letter filing and shall provide:

a. Market studies based specifically on data within its respective MSA.

b. Actual return on investment data for its prior 3 calendar years.

October 11, 1991

c. Projected return on investment based on its proposed rates.

d. Explanation of any major change (50 basis points) in the projected return on investment over the prior 3-year recorded average.

e. Cost-support data as requested by Commission staff."

A market review by SVLP shows its proposed roamer rates of \$2.00 access charge and \$0.50/min. usage rate would bring its rates up to the level of its non-wireline competitors. However its non-wireline competitors have pending advice letters removing the \$2.00 access and raising the usage rate to \$0.79/minute. SVLP's proposed rates are also equal or slightly less than its adjacent wireline carriers.

#### NOTICE/PROTESTS

SVLP states that a copy of Advice Letter No. 54 was mailed to competing and adjacent utilities and to interested parties pursuant to General Order (G.O.) 96-A. Notice of the advice letter appeared in the California Public Utilities Commission's April 12, 1991 Daily Calendar.

No protests were received on SVLP's Advice Letter No. 54. However affected customers could not be individually noticed because they are not customers of SVLP. Roamer rates and charges apply to customers from other utilities roaming into SVLP's serving territory.

#### DISCUSSION

SVLP's Advice Letter No. 54 seeks to raise roamer rates to reflect the increased cost of investment and quality of service. We agree with CACD however that the thrust of the advice letter is clearly a rate increase and falls under the requirements of O.P. 9 in D.90-06-025 quoted in the background discussion. While a review of O.P. 9 requirements for rate increases may appear inconsistent with the intent of D.90-06-025 and our prior cellular decisions, they are not inconsistent. Our expectations for this industry were price decreases - thus the burden of justifying an increase.

The Commission never intended cellular companies to have cost-based rates or rate based regulation. Cellular rates were to be determined by a competitive marketplace. We recognize that O.P. 9 requirements give the appearance of returning to a rate based type of regulation. What we intended was that cellular rates be just and reasonable. Data supplied by SVLP under O.P. 9 does not adequately justify the rate increases.

SVLP's advice letter also brings to the attention of the Commission several other concerns. The first is the magnitude of

October 11, 1991

the usage rate element increases of up to 233%, and the inclusion of an additional \$2.00 per day access charge for roaming. The second is the lack of a definite procedure to notice customers who will be affected by the rate increase. The present method gives affected customers no opportunity to voice their concerns. And last and probably most important is the large number of roamer rate increases being filed by other cellular utilities and the rate disparities between the utilities' roamer tariffs. The increases not only result in increased costs to the customer, but create confusion as the customer roams into different cellular companies' territories where roaming rates and conditions differ.

For the above reasons we are rejecting the advice letter. The requested increases are too great and the justification too little to be approved.

As far as the disparity in roaming rates between companies and the possible dampening affect this may have on the development of the cellular industry, we may open an order instituting investigation pursuant to Rule 14 of the Commission Rules of Practice and Procedure. Other matters may be included such as the efficacy of the temporary tariff authority and the individual elements of a carrier's wholesale and retail tariffs.

#### FINDINGS

1. SVLP's Advice Letter No. 54 seeks a roamer rate increase that will significantly impact customers. It involves issues that are too complex for the advice letter process and which can be handled more appropriately in an application.
2. O.P. 9 of D.90-06-025 may require Commission clarification which can better be handled in an application or in a petition for modification.

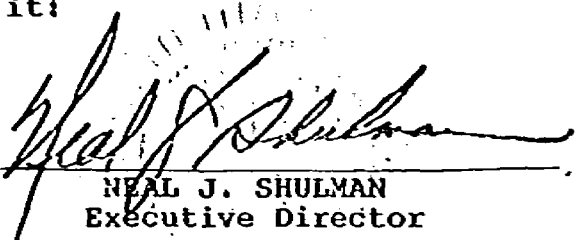
THEREFORE, IT IS ORDERED that:

1. Sacramento-Valley Limited Partnership's Advice Letter No. 54 is rejected without prejudice.

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 October 11, 1991. The following Commissioners approved it:

JOHN B. OHANIAN  
DANIEL Wm. FESSLER  
NORMAN D. SHUMWAY  
Commissioners

  
NEAL J. SHULMAN  
Executive Director

Commissioner Patricia M. Eckert,  
being necessarily absent, did  
not participate.