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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14555
Telecommunications Branch August 7, 1991

R E S O L U T I O N

RESOLUTION T-14555. REQUEST OF AT&T COMMUNICATIONS OF CALIFORNIA, INC. (AT&T-C) TO ELIMINATE THE EXEMPTION FOR INTRASTATE INTERLATA DIRECTORY ASSISTANCE CHARGES FROM HOTELS/MOTELS, HOSPITALS, AND PAYPHONES. AT THE SAME TIME, AT&T-C REQUESTS SEVERAL RATE AND CHARGE REDUCTIONS IN MESSAGE TELECOMMUNICATION SERVICE, SCHEDULE NO. A6.2.1 AND A6.3.1.

BY ADVICE LETTER NO. 209, FILED ON MAY 28, 1991;
AND SUPPLEMENT NO. 209A, FILED ON JULY 2, 1991.

SUMMARY

This resolution authorizes AT&T Communications of California, Inc. (AT&T-C) to eliminate the exemption from intrastate interLATA directory assistance charges for hotels/motels, hospitals, and payphones. The current tariffed charge is \$.40 per call. At the same time, there are several reductions in rates and charges for Message Telecommunication Service, Schedule No. A6.2.1 and A6.3.1, including direct dialed long distance, operator handled, and credit card calls.

BACKGROUND

AT&T-C currently exempts Directory Assistance charges for customers in hotels/motels, hospitals, and payphones, and it has done so for many years. The Commission commented on this practice in 1984. Decision 84-06-111, Findings of Fact - AT&T Communications Rate Design No. 19 states the following:

"In the context of a reduced AT&T-C revenue requirement, gradual progress toward fully cost-based rates is reasonable and a \$.90 DA (directory assistance) charge would be excessive; a \$.35 charge is reasonable in relation to the \$.25 charge approved for PacBell."

In the same decision, mimeo page 316 contains the following paragraph:

"We find it unreasonable to exempt calls from coin phones or handicapped callers from this \$.35 charge. Very few callers, in any physical location or state of health, will

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have alternative sources of directory information available to them. An exemption for coin phone callers or the handicapped would be arbitrary discrimination."

The last paragraph of the Summary Section of the decision reads as follows:

"The other major rate change authorized for AT&T-C is a new \$.35 per call charge for long-distance directory assistance. This charge is necessary because, as a result of the Bell System divestiture, AT&T-C must pay PacBell and other local carriers for the use of their directory assistance services. The \$.35 charge recovers only a portion of AT&T-C's cost of providing this service for its customers..."

In July, 1984, AT&T-C wrote to Ms Emily Marks of CPUC staff and said that its Traffic Service Position System (TSPS) program was unable to differentiate intrastate/intraLATA from intrastate/interLATA Directory Assistance calls. Therefore, rather than mischarge for these classes of calls, it simply exempted them from DA charges until TSPS program upgrades made the differentiation possible.

This capability has now been developed, and AT&T-C requests authority to begin charging for these Directory Assistance calls. The current tariffed charge for DA calls is \$.40, instead of the \$.35 indicated in the 1984 references above.

AT&T-C filed Supplement No. 209A on July 2, 1991, in order to postpone the effective date of its proposed rate changes from July 7, 1991 to August 8, 1991.

PROTESTS

Notice of this advice letter was published in the Commission Calendar on May 30, 1991. Nine protests have been received by the Commission Advisory and Compliance Division (CACD).

These protests state that charging for Directory Assistance at hotels/motels, hospitals, and payphones is unfair because, among other things, the long distance calls made are frequently business or emergency and not pleasure, and the phone number cannot be obtained except by Directory Assistance from these locations.

DISCUSSION

Decision 84-06-111 states that the Commission's view in 1984 was that the exemption from Directory Assistances for hotels/motels, hospitals, and payphones was inappropriate. It also stated that the reason for this was that AT&T-C must pay the local exchange company (LEC) for the LEC's Directory Assistance service that AT&T-C employs. This situation is still true. AT&T-C estimates that its current revenue reduction for this reason is \$2.7 million.

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AT&T-C stated a legitimate reason why it did not begin charging its customers for that Directory Assistance: It was not technologically feasible to do so. Now it is feasible, and AT&T-C requests authority to charge for the services.

CACD has reviewed the protests filed of the proposed charge. Though there will be an inconvenience for customers and a minimal expense for additional billing costs, CACD believes that the expenses to AT&T-C are legitimate and no customer group will be unfairly disadvantaged by this new charge.

AT&T-C proposes reducing the following rates:

1. Direct Dialed Long Distance (a revenue reduction of \$14,975,000), Operator Handled, and Card calls during the day and evening rate periods (a revenue reduction of \$1,379,600);
2. initial hour of Reach Out California reduced from \$7.50 to \$7.00;
3. initial half-hour of the half-hour option of Reach Out California reduced from \$3.65 to \$3.45;
4. additional minutes of the half-hour option of Reach Out California reduced from \$.105 to \$.10 (a combined revenue reduction on Reach Out California of \$2,000,000);
5. hourly rates for AT&T 800 Readyline and AT&T's complementary 800 service, using Pacific Bell's 800 NXXs and data base, reduced from \$13.00 to \$12.70 (a revenue reduction of \$1,800,000).

The expected revenue reduction from these proposed rate reductions is \$20.2 million. The overall revenue reduction, including the increase for Directory Assistance, is \$17.5 million.

FINDINGS

1. The Directory Assistance calls from hotels/motels, hospitals, and payphones are a legitimate expense of AT&T-C and should be reimbursed to AT&T-C through rates, at least to the degree requested in Advice Letter 209.
2. The proposed rate reductions that would cause a \$20.2 million revenue reduction are reasonable and should be approved.

THEREFORE, IT IS ORDERED that:

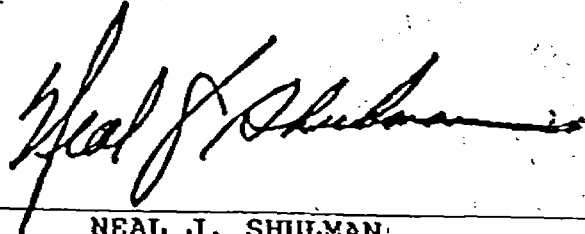
1. AT&T-C's request to lower certain Message Telecommunication Service rates in Schedule No. A6.2.1 and A6.3.1 is granted.
2. AT&T-C's request to eliminate the exemption from Directory Assistance charges for hotels/motels, hospitals, and payphones is granted. It will be priced at the charge for Directory Assistance currently listed in Schedule No. A5.

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3. The tariffed sheets accompanying AT&T-C's Advice Letter No. 209, filed May 28, 1991, shall be marked to show this Resolution's number and effective date.

4. This resolution is effective on August 8, 1991.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 7, 1991. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

PATRICIA M. ECKERT
President

G. MITCHELL WILK
JOHN B. OHANIAN
NORMAN D. SHUMWAY
Commissioners

Commissioner Daniel Wm. Fessler, being necessarily absent, did not participate.