

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division RESOLUTION T-14621
 Telecommunications Branch December 18, 1991

R E S O L U T I O N

RESOLUTION T-14621. FOR MCCAW-AFFILIATED CELLULAR TELECOMMUNICATIONS COMPANIES:

VENTURA CELLULAR TELEPHONE COMPANY (U-3010-C),
 REDDING CELLULAR PARTNERSHIP (U-3020-C),
 SALINAS CELLULAR TELEPHONE COMPANY (U-3018-C),
 NAPA CELLULAR TELEPHONE COMPANY (U-3016-C),
 STOCKTON CELLULAR TELEPHONE COMPANY (U-3012-C),
 FRESNO CELLULAR TELEPHONE COMPANY (U-3014-C),
 SACRAMENTO CELLULAR TELEPHONE COMPANY (U-3013-C),
 SANTA BARBARA CELLULAR SYSTEMS LIMITED (U-3015-C),
 CAGAL CELLULAR COMMUNICATIONS CORP. (U-3021-C),

RESOLUTION ON REQUEST TO REVISE ROAMER RATES WITHIN CALIFORNIA.

BY ADVICE LETTER NOS. 27, 18, 23, 33, 39, 30, 52, 30, 22, FILED ON APRIL 17, 1991, SUPPLEMENTED BY 22 ERRATA, 23 ERRATA, AND 33 ERRATA ON MAY 9, 1991, SUPPLEMENTED BY 27A, 18A, 23A, 33A, 39A, 30A, 52A, 30A, AND 22A ON AUGUST 21, 1991, AND FURTHER SUPPLEMENTED BY 27B, 18B, 23B, 33B, 39B, 30B, 52B, 30B, AND 22B ON NOVEMBER 27, 1991.

SUMMARY

This Resolution approves, on a provisional basis, the advice letters filed by the McCaw Cellular Communications, Inc.-affiliated California cellular telecommunications companies (McCaw) listed above proposing to implement revised roamer rates.

The McCaw companies propose to simplify the roaming rates paid by their customers. The proposed tariffs include rates for customers of other cellular companies who roam into their service area, but in addition they set rates for their own customers who roam elsewhere in California and are activated on other carriers' cellular systems.

The proposed restructured roaming rates retain all of the special lower roaming rates currently in the tariffs. Those special rates have been established for particular service areas based on various factors: geographic proximity, commute

McCaw-Affiliated Cellular Companies

patterns, and other communities of interest. The roamer rate restructuring is approved on a provisional basis, until January 31, 1993, and McCaw is encouraged to file an application if it wishes to make those rates permanent. The application process would address concerns relating to the companies' authority to set rates for calls which occur outside their service area and would allow the Commission to determine whether or not the proposed rate restructuring is revenue neutral.

The following customer protests were received: Sacramento--3; Redding--1; Fresno--1; and Ventura--1. No protests were received from competing or adjacent cellular companies.

BACKGROUND

All the above-mentioned utilities are facilities-based cellular non-wireline telecommunications carriers. Each of these utilities is a certificated California-affiliate of McCaw Cellular Communications, Inc. Each has filed an advice letter to change the way the roamer tariffs are set and the rate structure for roamer rates.

Roamer service refers to cellular service furnished to customers outside of their usual service area. Each carrier has a section of its tariffs which covers rates for customers of other carriers who roam into its service area.

The McCaw advice letters are a departure from that norm since they cover rates that the home carriers' customers will pay anywhere in California, as well as including the usual roamer rates for customers of other carriers. The roamer rates for a company's own customers are included as part of its retail tariffs while rates for customers who roam into the carrier's service area are covered in a special tariff section for roamer rates.

At the present time all of the McCaw companies have the same charge for customers who roam into their service area. The basic charge is a \$2.00 per day access charge plus \$.50 per minute usage. In addition, each of the McCaw companies has special lower rates which were negotiated with other utilities based on a number of factors: companies which share the same switch, geographically proximate locations, areas which are tied closely by commute patterns, and other communities of interest. McCaw's original proposal was to raise many of the special lower rates, but this Commission was unwilling to allow McCaw to raise its roamer rates for those customers. That provision was removed from the advice letters in supplements filed on November 27, 1991.

McCaw, in advice letters filed by its nine affiliate companies, is requesting authority to replace the current roaming charges of \$2.00 per day for access and \$.50 per minute usage with a new rate structure. McCaw is proposing elimination of the access charge, and a \$.79 per minute rate for roaming on McCaw's Super Cellular Network or for companies which have entered into an

agreement with the particular carrier, and a \$.99 per minute rate for other customers.

NOTICE/PROTESTS

Public notice that the McCaw companies filed the advice letters listed above to introduce new roamer rates appeared in the California Public Utilities Commission's April 19, 1991 Daily Calendar. In addition, copies of each advice letter were mailed to competing utilities, adjacent utilities, and known interested parties. McCaw customers were notified of the proposed rates in bill inserts in accordance with General Order (G.O.) 96-A, Section III.G. However, non-McCaw customers were not individually noticed because the roamer rates and charges apply to customers from other utilities roaming in the McCaw affiliated companies' serving areas.

Many of the protests were from customers who were protesting the fact that the special lower roamer rates among various communities of interest were to be eliminated.

Sacramento Cellular Telephone Company (Sacramento) Protests

Three customers of Sacramento filed protests to A.L. 52. Customer #1 filed a letter dated July 28, 1991 protesting that the so-called simplification of rates was intended to increase Sacramento's revenues. He was opposed to eliminating the \$2.00 per day access charge, and substituting a \$.29 per minute surcharge on every call. He gave the example that if a customer roams for 49 minutes per day in the Bay Area, the cost of roaming would be \$14.21 higher under the new plan. Customer #1 raised the question as to whether the increased revenues to the provider were justified.

Sacramento responded to Customer #1's protest in a letter dated August 13, 1991. The response reviewed Customer #1's bills over the previous four months in order to analyze the effects that the new roaming rates would have on his bill. Sacramento indicated that the new rates would increase Customer #1's bill less than 1 percent. The response noted that a customer who uses 49 minutes of roaming air time would be faced with a \$12.21 increase in charges for that day. However, that usage pattern would be highly unusual. The average customer uses 27 minutes of roaming air time per month. The customer was assured that the Commission has thoroughly investigated the justification for the proposed rate revisions.

Customer #1 responded to Sacramento's comments in a letter dated August 16, 1991. Customer #1 stated that he was not making his personal roaming usage an issue but raising the general issue for the public good. He went on to say that a customer who roamed 27 minutes per day would incur \$15.50 under the old plan and \$21.33 under the new plan, an increase of 37 percent.

McCaw responded to Customer #1 in a letter dated August 30, 1991 clarifying that statements in McCaw's previous letter referred to monthly rather than daily roaming patterns.

Two other customers protested the elimination of their special lower rates for roaming in particular areas. McCaw responded to both protests and explained the reasons for the increases.

Redding Cellular Partnership (Redding) Protest

One Redding customer protested the elimination of the special lower rates for roaming in particular areas. McCaw responded to both protests and explained the reasons for the increases.

Ventura Cellular Telephone Company (Ventura) Protest

Customer #1 of Ventura protested that the new proposed rate schedule would increase his cost by a minimum of \$50 per month. He indicated that he roams to the San Francisco Bay area where the daily roaming charge is \$2.00 and the per minute charge is \$.50 during peak hours. He further stated that he generally used his phone about 45 minutes per day. He calculated that it would cost him \$11.05 more per day, times 4 days per month, or a total increase of \$44.20 per month. He also indicated that he frequently roams in the San Diego and Santa Barbara areas and that the additional charges from those calls would be about \$10 per month. The proposed discounts, which would be in effect for only 180 days, did not begin to offset the difference.

McCaw responded to the protest in a letter dated August 13, 1991. The response indicated that over the period May-August 1991, Customer #1 did not incur any roaming charges. The letter further suggested that Customer #1 purchase a "dual-nam" cellular telephone which would enable him to become a local subscriber of two cellular companies in different areas and thus avoid roamer charges. The letter stated that if Customer #1 incurred 180 minutes of roaming per month, he would be eligible for a 15% discount.

Fresno Cellular Telephone Company (Fresno) Protest

One Fresno customer protested the elimination of the special lower rates for roaming in particular areas. McCaw responded to the protests and explained the reasons for the increases.

DISCUSSION

The nine McCaw Advice Letters seek "rate restructuring" of roamer rates. The advice letters as originally proposed involved elimination of most of the lower roamer rates which McCaw had previously negotiated. Some of the customer protests related to the elimination of those rates, and this Commission was unwilling to see increases in cellular roamer rates. McCaw subsequently filed supplemental advice letters to retain the lower community of interest roamer rates.

Some other customers protested the rate restructuring because they felt that their roamer bills would be higher under the new plan. After reviewing data supplied by the utility, we feel that most customers will not be negatively affected by the roamer rate restructuring.

This Commission is willing to view McCaw's proposal to eliminate its current \$2.00 per day access charge as an offset to the increase in the per minute rate from \$.50 to \$.79 as a form of rate restructuring, rather than a rate increase. McCaw has indicated that the rate restructuring is revenue neutral, and we intend to require monitoring reports to assure ourselves that that is indeed the case.

However, we have concerns about a cellular carrier setting rates for calls made outside its service territory. Although we are granting McCaw authority to do this on an interim basis, we will look at this issue if and when McCaw files its application for permanent tariffs. Because these issues are unclear, the Commission is only willing to accept the roamer tariffs on a provisional basis. McCaw will be required to provide periodic monitoring data to establish that the proposed rate restructuring is indeed revenue neutral. That information will be reviewed as part of the application process.

For the above reasons we are approving McCaw's nine advice letters on a provisional basis pending the filing of an application for a permanent tariff. An application will allow the Commission to review McCaw's interim plan to determine whether it is indeed revenue neutral and also to decide issues relating to the setting of rates outside a utility's service area.

FINDINGS

1. McCaw's nine advice letters which request roamer rate restructuring will not have a negative impact on customers.
2. The utility has indicated that the rate restructuring is revenue neutral.
3. Monitoring reports are essential for determining if the rate restructuring is indeed revenue neutral.
4. There is an issue as to whether a carrier has the authority to set rates for calls made outside its service territory.
5. The customer protests are accepted, in part.

THEREFORE, IT IS ORDERED that:

1. Ventura Cellular Telephone Company's A.L. No. 27, Redding Cellular Partnership's A.L. No. 18, Stockton Cellular Telephone Company's A.L. No. 39, Fresno Cellular Telephone Company's A.L. No. 30, Sacramento Cellular Telephone Company's A.L. No. 52, Santa Barbara Cellular Systems Limited's A.L. No. 30, Salinas Cellular Telephone Company's A.L. No. 23, Napa Cellular Telephone Company's A.L. No. 33, and Cagal Cellular Communications Corp.'s A.L. No. 22 are approved on a provisional basis until January 31, 1993.

2. The utilities are encouraged to file an application if they wish to have the tariffs made permanent.

3. McCaw shall file a monthly report summarizing data on incollect roamer revenues for each McCaw affiliate. Said reports shall include data on: total calls, total minutes, total air charges.

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5. Every three months following implementation, McCaw shall provide a statistical comparison of roamer data under the old and new plans. A statistically valid sample of customer bills is to be rerated using the previous roamer rates. The utility is to sample roamer usage for one month during the quarter. The sample must reflect the proportionate population of customers for the nine McCaw affiliates. The workpapers must include the sample selection methodology. The report must show, for all nine McCaw affiliates combined: total calls, total minutes, total air charges, total daily access charges, total charges.

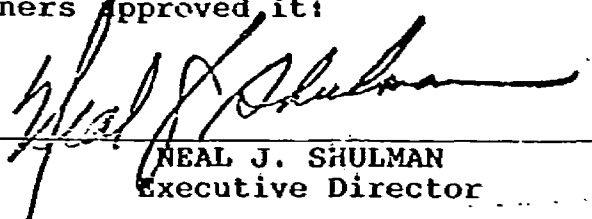
6. All monitoring reports shall be directed to the Chief, Telecommunications Branch, Commission Advisory and Compliance Division and are due 30 days following the time period being reported.

7. Copies of all monitoring reports shall be filed with any application the utility may decide to file to have the tariffs made permanent.

The effective date of this Resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 18, 1991. The following Commissioners approved it:

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


NEAL J. SHULMAN
Executive Director