

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION      RESOLUTION T-14656  
Telecommunications Branch                              November 6, 1991

**R E S O L U T I O N**

RESOLUTION T-14656. PACIFIC BELL. ORDER CONCERNING  
PACIFIC BELL'S REQUEST TO EXTEND THE PROVISIONAL  
OFFERING OF CENTREX IS (CENTREX INTEGRATED SYSTEMS).

BY ADVICE LETTER NO. 16060, FILED ON SEPTEMBER 18, 1991.

**SUMMARY**

Pacific Bell (Pacific), by Advice Letter No. 16060, filed on September 18, 1991 requests authority under provisions of General Order No. 96-A (G.O. 96-A) to revise Schedule Cal. P.U.C. No. A9 Central Office Services, 9.1.1., Centrex, to extend the provisional offering of Centrex IS an additional 24 months, introduce a new feature package and new optional features and modify tariff language for clarification. This Resolution approves Pacific's request.

The estimated annual revenue impact of this filing is an increase of \$421,812. No protests to the Advice Letter were filed.

**BACKGROUND**

Centrex IS is a local exchange telecommunication service which provides an integrated voice/data communications capability for the transmission of circuit switched voice, circuit switched data and packet switched data signals on an incoming and outgoing basis. Centrex IS is made available by adding to Pacific's existing central office switching equipment software and hardware that are based on an international set of standards known as ISDN (Integrated Services Digital Network). ISDN divides the standard two-wire telephone line (the local loop) into three digital channels capable of simultaneous transmission of voice and data.

The Commission by Resolution T-14017, dated November 22, 1989 authorized Pacific to offer a 24-month provisional Centrex IS service. In that Resolution it was stated that the provisional and limited offering of Centrex IS is a market trial designed to facilitate the customer's ability to buy and try ISDN capabilities. The trial was intended to provide Pacific with tracking data for analysis of application, demand, price and cost to be used in the development of a permanent tariff for Centrex IS. The Centrex IS provisional tariff is scheduled to expire on December 10, 1991.

NOTICE/PROTESTS

Pacific states that a copy of the Advice Letter and related tariff sheets was mailed to competing and adjacent utilities and/or other utilities, and interested parties. Also the Advice Letter was listed in the Commissions' Daily Calendar of September 21, 1991.

No protests have been filed on Pacific's Advice Letter No. 16060.

DISCUSSION

The initial 24-month provisional offering was to intended to gain information for analysis of product applications, customer demands, product price and cost. However, the Centrex IS market has been developing slower than Pacific expected and the results after 18 months of market trial are inconclusive. Pacific attributes the poor response to the market trial to the following factors:

- . Deployment of Centrex IS at many central offices was delayed about one year due to equipment problems.
- . Cost of the customer premises equipment (CPE) needed for ISDN capability is still expensive while application of the product is still limited.
- . Inter-switch capability is not yet available, thereby limiting the application of Centrex IS.

Pacific sees a better environment developing in the ISDN market. Pacific's two major vendors (AT&T and Northern Telecom) expect to have national ISDN software packages available in mid to late 1992. This has motivated the terminal equipment and applications software developers to put their energies into the ISDN market. Pacific believes that these efforts will lead to marked growth in applications and a decrease in CPE costs, which will lead to higher customer acceptance of Centrex IS.

In addition to the extension of the market trial period for Centrex IS, Pacific is requesting authority to offer a new feature package and additional new optional features and clarify miscellaneous items of tariff language. The addition of these feature enhancements plus a 24-month extension of the provisional tariff would allow Pacific to collect the necessary information for decisions on marketing strategy and to determine if a permanent Centrex IS tariff is warranted.

Pacific will continue to track data and file a report as specified in Resolution T-14017 six months prior to the expiration date of the provisional tariff for Centrex IS.

FINDINGS

1. Pacific Bell filed Advice Letter No. 16060 on September 18, 1991 requesting Commission authorization to extend the provisional offering of Centrex IS, introduce a new feature package and new optional features and modify tariff language for clarification.
2. Centrex IS actual volumes and revenues are significantly lower than forecasted.
3. An extension of the provisional offering for Centrex IS for twenty-four (24) months is needed to enable Pacific to introduce new feature enhancements with the current product and to collect additional market information to better evaluate product application, customer demand, product price and cost.

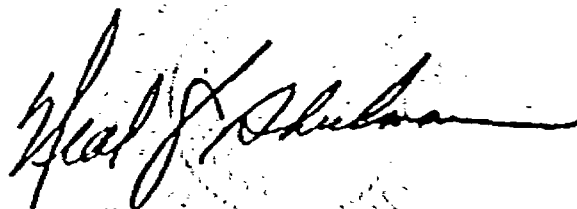
THEREFORE, IT IS ORDERED that:

1. The expiration date for Pacific Bell's Provisional Centrex IS Service is extended to December 11, 1993.
2. Advice Letter No. 16060 and the associated tariff sheets are authorized.
- 3 The Advice Letter and tariff sheets authorized herein shall be marked to show that they were authorized under Resolution of the Public Utilities Commission of the State of California No. T-14656.

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 November 6, 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