

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14755
Telecommunications Branch March 11, 1992

R E S O L U T I O N

RESOLUTION T-14755. REQUEST OF PACIFIC BELL TO
ESTABLISH THE GRASS VALLEY SOUTH DISTRICT AREA RATE
POINT WITHIN THE GRASS VALLEY EXCHANGE.

BY PACIFIC BELL ADVICE LETTER NO. 16107, FILED ON
NOVEMBER 15, 1991.

SUMMARY

This Resolution authorizes Pacific Bell (Pacific) to establish the Grass Valley South District Area Toll Rate Point. This authorization results in increased toll mileage measurements between Grass Valley South District Area and eight (8) exchanges, and decreased toll mileage measurements between Grass Valley South District Area and twenty (20) exchanges located within forty (40) miles of the newly established Grass Valley South District Area Toll Rate Point.

There will be no change in toll charges for customers calling between the Grass Valley South District Area Toll Rate Point and all except two affected exchanges, because affected customers are already being billed according to the proposed toll mileage measurements. Increased charges on calls between the Grass Valley South DA and the North San Juan exchange will result from the withdrawal of free local calling made effective with implementation of Expanded Local Calling Areas (ELCA) in 1991. Increased charges on calls between the Grass Valley South DA and the Nevada City exchange will result from the withdrawal of free local calling provided in error due to the original toll rating problem. Refunds will be made to customers of record in exchanges which were overbilled during the last three years due to incorrect toll mileage rating.

BACKGROUND

Pacific filed Advice Letter No. 16107 on November 15, 1991 requesting authority to establish the Grass Valley South District Area Toll Rate Point. Pacific states that it discovered a billing error in the rating of calls to and from the Grass Valley South District Area (DA) during the implementation of ELCA ordered in D.90-11-058. This error affected local calling areas

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and toll routes that were within a 40 mile radius of the Grass Valley South DA.

Pacific further states that the community of interest has shifted with the growth of the Lake of the Pines area, justifying establishment of the Grass Valley South DA Toll Rate Point. Finally, Pacific states that creation of a Toll Rate Point in the Grass Valley South DA conforms to the same rate treatment offered in other exchanges where DAs have been established.

Pacific states that annual revenues will increase by \$4,766 due to the withdrawal of free local calling between the Grass Valley South DA and the North San Juan exchange which was recently implemented with Expansion of Local Calling Areas (ELCA). Pacific states that it is unable to estimate the revenue increase resulting from the withdrawal of free local calling between the Grass Valley South DA and the Nevada City exchange because Pacific lacks traffic data on this route (traffic data is not tracked for local calling). All other affected customers are already being billed according to the proposed toll mileage measurements.

PROTESTS

Notice of Pacific's Advice Letter No. 16107 was published in the Commission Calendar on November 20, 1991. The Commission Advisory and Compliance Division (CACD) received approximately one-hundred letters from affected customers (including residence, small business, Nevada County Social Services, Health, and Data Processing Departments, and the Grass Valley and Nevada County Chamber of Commerce) protesting this advice letter. These protests are from customers in exchange areas within forty miles to the north of the Grass Valley South DA who objected to any increase in phone bills resulting from "take backs" of local calling areas announced during ELCA implementation, or from toll increases in calls to and from Grass Valley South DA.

A concern expressed by many of these customers is the loss of free calling to county offices in the Nevada City exchange and the Grass Valley South DA (Grass Valley South DA customers reside within Nevada County, but have a community of interest with the town of Auburn which is in Placer County). Many customers in rural areas dispose of rubbish through burning. These customers are required to call the Sierra Air Quality Pollution Control Management District before burning can take place, and are concerned that they will be unfairly burdened in order to comply with the law.

DISCUSSION

On May 31, 1991, Pacific Filed Advice Letter No. 15983 notifying the Commission of a billing error in the rating of calls to and from the Grass Valley South DA which was discovered while implementing Local Calling Area Expansion ordered in D.90-11-058. According to tariff, message toll service (MTS) to and from the

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Grass Valley South DA is measured from the Grass Valley Main DA. Pacific discovered that MTS to and from the Grass Valley South DA was actually being measured from the Grass Valley South DA. This error affected local calling areas and toll routes that were within a 40 mile radius of the Grass Valley South DA.

Advice Letter No. 15983 requested a deviation from Pacific's tariff Schedule Cal. P.U.C. No. A6 to treat calls between the Grass Valley South DA and the Auburn Main DA as local calls for the period from June 1, 1991 through August 31, 1991. Pacific subsequently discovered that all toll billing within 40 miles of the Grass Valley South DA was being incorrectly rated.

The billing error occurred when Pacific used the Grass Valley South DA Vertical and Horizontal (V&H) coordinates for secretarial lines and foreign exchange mileage to bill all calls to and from the Grass Valley South DA. This billing method was not inconsistent with the methodology established by Commission Resolution T-10914, and the procedures described in Pacific Bell tariff Schedule Cal. P.U.C. A6.2.1.A.4.a.(2). This method is described in the following paragraph.

If an exchange has been divided into district areas, Commission Resolution T-10914 authorizes Pacific (and companies concurring in Pacific's tariff Schedule CAL. P.U.C. No. A6.2.1.A.4.a) to compute toll rate mileage using the distance between the district area rate point and the rate center of the other (calling or called) exchange, except when such mileage exceeds forty (40) miles. When the distance between the district area rate point and the rate center of the other (calling or called) exchange exceeds forty (40) miles, toll rate mileage is computed from the exchange rate center (rather than from the district area rate point) to the other point.

The billing method used for the Grass Valley South DA is, however, inconsistent with Pacific's effective tariff Schedule Cal. P.U.C. A6.2.7.B.1, which specifically states that the Grass Valley Main DA was to be used for message toll rating from the Grass Valley South DA. The billing procedure described in Schedule Cal. P.U.C. A6.2.7.B.1 has been in effect since 1979. Thus, Pacific has not been in compliance with its tariff since that time.

In June, 1991, Pacific informed CACD that the magnitude of the billing problem was greater than originally believed, and that all billing between the Grass Valley South DA and locations within forty miles of the Grass Valley South DA was being incorrectly rated. CACD advised Pacific that it would recommend the Commission not authorize Pacific to deviate from its filed tariffs in this instance.

On August 9, 1991, CACD wrote to Pacific recommending that Pacific withdraw Advice Letter No. 15983, and file another advice letter explaining the problem and proposing a solution. On October 17, 1991, Pacific withdrew Advice Letter No. 15983 (Pacific's request for a tariff deviation). Pacific then informed affected customers in exchanges within forty miles south

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of the Grass Valley South DA that they would see toll increases (customers in the Auburn Main DA, approximately twelve miles south of the Grass Valley South DA, had been informed several months earlier that calling to the Grass Valley South DA would become local calling as a result of ELCA).

Pacific's customer notice, along with Auburn area newspaper articles criticizing the Commission's supposed "rejection of Pacific's request for a Grass Valley South DA rate center" (a request not yet made by Pacific), resulted in dozens of letters from Grass Valley South DA and Auburn Main DA customers and a petition containing several hundred signatures from the Lake of the Pines (Homeowners) Association; all requesting that a rate center be established at the Grass Valley South DA. On November 15, 1991, Pacific filed Advice Letter No. 16107 requesting establishment of the Grass Valley South DA Toll Rate Point.

As stated above, Pacific has not been in compliance with its tariff Schedule Cal. P.U.C. A6.2.7.B.1 since 1979. This has resulted in customers served by rate centers within 40 miles of the Grass Valley South DA being overcharged or undercharged on calls to and from the Grass Valley South DA. Pacific proposes to provide refunds to customers of record in exchanges which have been overcharged. We will direct Pacific to provide refunds to customers of record in the following exchange areas:

Alleghany
North San Juan
North Yuba
Smartsville

Alta
Camptonville
Downieville
Grass Valley South DA

The amount of refunds will be based on the difference between the actual average monthly charges for calls to and from the Grass Valley South DA for each exchange, and the average monthly charge for calls to and from the Grass Valley South DA for each exchange that should have been billed according to tariff during the last three years. These refunds will be made to customers of record in 36 monthly credits to customer bills beginning with the May, 1992 billing cycle. No adjustments will be made to customer bills for any undercharges caused by Pacific's toll billing error.

While customers in the Grass Valley South DA and the North San Juan exchange will receive refunds, they will also see increases in future toll charges on calls between the Grass Valley South DA and the North San Juan exchange due to the withdrawal of free local calling made effective with implementation of Expanded Local Calling Areas (ELCA) in 1991. This will be, in effect, a return to "pre-ELCA" conditions.

Nevada City exchange customers will not receive refunds, since they previously had free calling to the Grass Valley South DA. They (and Grass Valley South DA customers) will, however, see increased charges on calls between the Grass Valley South DA and the Nevada City exchange resulting from the withdrawal of free

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local calling provided in error due to the original toll rating problem.

Since the time that Pacific notified customers of the toll billing error, the Commission has received hundreds of requests from customers in the Lake of the Pines community (Grass Valley South DA) and Auburn area to establish a district area toll rate point in the Grass Valley South DA with local calling to Auburn. Because of growth in the Lake of the Pines area and the accompanying shift in the community of interest, we believe that creation of the Grass Valley South DA toll rate point is appropriate and reasonable.

Furthermore, because the creation of a toll rate point in the Grass Valley South DA conforms to the same rate treatment offered in other exchanges where District Areas have been established, we find that creation of the Grass Valley South DA toll rate point is the most efficient and cost effective means to provide service in this area.

Pacific and Nevada County officials are presently exploring alternatives available for providing toll-free calling to Nevada County offices. We encourage this effort and will order Pacific to continue working with county officials to achieve this objective. We will also order Pacific to undertake a study to determine the appropriateness of establishing an Extended Area Service (EAS) route between the Grass Valley South DA and the Nevada City exchange.

Upon Commission approval of this Resolution, Pacific will advise customers by mail in the affected exchanges of the newly established Grass Valley South DA toll rate point and of refunds available to affected customers. This notice should also inform customers about any toll-free calling to county offices.

FINDINGS

1. Pacific discovered a billing error in the rating of calls to and from the Grass Valley South District Area (DA) during the implementation of Local Calling Area Expansion ordered in D.90-11-058. This error affected local calling areas and toll routes that were within a 40 mile radius of the Grass Valley South DA.
2. Pacific's request to establish the Grass Valley South District Area toll rate point conforms to the same rate treatment offered in other exchanges where District Areas have been established, and is the most efficient and cost effective means for serving customers in this area.
3. Establishing the Grass Valley South District Area toll rate point, will increase Pacific's annual revenues by \$4,766 due to the withdrawal of free local calling between the Grass Valley South DA and the North San Juan exchange which was recently implemented with Expansion of Local Calling Areas (ELCA).

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4. Because the community of interest has shifted with the growth of the Lake of the Pines area, Pacific's request to establish the Grass Valley South DA toll rate point is reasonable and should be approved.

5. Pacific and Nevada County officials are exploring alternatives for providing toll-free calling to Nevada County offices.

6. Because Pacific has not been in compliance with its tariff Schedule Cal. P.U.C. A6.2.7.B.1, and as a result has incorrectly billed customers served by rate centers within 40 miles of the Grass Valley South DA on calls to and from the Grass Valley South DA, refunds to customers who have been overcharged are appropriate and reasonable.

THEREFORE, IT IS ORDERED that:

1. Pacific Bell's request to establish the Grass Valley South District Area toll rate point in accordance with Resolution T-10914 is granted.

2. The protests to Pacific Bell Advice Letter No. 16107 are denied.

3. Pacific Bell Advice Letter No. 16107 and the accompanying tariff sheets shall be marked to show that such sheets were authorized by this Resolution, with an effective date of May 11, 1992.

4. Pacific Bell shall work with Nevada County officials to establish toll-free calling to county offices, and inform the Commission Advisory and Compliance Division by letter the outcome of this effort no later than June 1, 1992.

5. Pacific Bell shall undertake an Extended Area Service (EAS) study to determine the appropriateness of establishing an EAS route between the Grass Valley South District Area and the Nevada City exchange, and report to this Commission the results of this study not later than August 1, 1992.

6. Pacific Bell shall provide refunds based on the difference between the actual average monthly charges for calls to and from the Grass Valley South District Area for each affected exchange, and the average monthly charge for calls to and from the Grass Valley South District Area for each affected exchange that should have been billed according to Pacific Bell's tariffs during the last three years. These refunds shall be made in 36 monthly credits to customer bills beginning with the February, 1992 billing cycle.

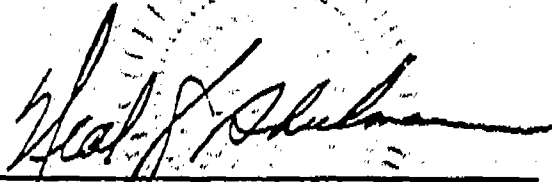
7. Pacific shall advise customers by mail in the affected exchanges that refunds will be made to affected customers and inform customers about toll-free calling to county offices.

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8. Pacific Bell shall not adjust customer bills for any undercharges caused by Pacific's toll billing error.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on March 11, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
JOHN B. OGANIAN
PATRICIA M. ECKERT
NORMAN D. SHIMWAY
Commissioners