

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14789
Telecommunications Branch January 21, 1992

R E S O L U T I O N

RESOLUTION T-14789. PACIFIC BELL. REQUEST TO REVISE SCHEDULE NO. 175-T TO REDUCE THE DIFFERENCE BETWEEN LOCAL SWITCHING 1 (LS1) AND LOCAL SWITCHING 2 (LS2) RATE ELEMENTS.

BY ADVICE LETTER NO. 16110, FILED ON NOVEMBER 20, 1991.

SUMMARY

This Resolution authorizes Pacific Bell's (Pacific's) request in Advice Letter No. 16110, filed on November 20, 1991, to further revise its Schedule Cal P.U.C. No. 175-T, intrastate access tariff, reducing the difference between Local Switching 1 (LS1) and Local Switching 2 (LS2) rate elements. Pacific has filed this advice letter as the third of four steps to gradually eliminate discounted local switching charges previously offered in offices not equipped with equal access. With equal access, the need for discounted local switching charges no longer exists.

Although Advice Letter 16110 does not request it, this Resolution also authorizes Pacific to file an additional advice letter equating the LS1 and LS2 rate elements to take effect on regular notice, but no earlier than January 1, 1993.

BACKGROUND

The Local Switching 1 (LS1) (Feature Groups A and B) rate element covers line and trunk side long distance access connections available to long distance telephone companies on switches throughout California.

The LS2 rate element covers feature Group C, which is AT&T's access service (available only to AT&T), and Feature Group D, which is long distance access service available only on switches equipped for equal access.

In May of 1987, Federal Communications Commission (FCC) Docket 87-313 amended Part 69, Access Charges, of its Rules and Regulations to allow for the combining of local switching rate elements LS1 and LS2. The FCC instituted a five-year plan in August, 1987, to complete this transition.

January 21, 1992

Commission Decision 87-12-063, Ordering Paragraph 2, adopted the FCC's Part 36 Separations Manual. This change means that non-traffic sensitive costs associated with Category 6 Central Office Equipment (COE) are no longer distinguished from traffic sensitive costs. (See page 28 of D.87-12-063.) Consequently, a Subscriber Plant Factor (SPF) to Subscriber Line Usage (SLU) shift within this category -- specifically to address the line termination element -- is no longer applicable. In addition, because line termination costs are now recovered on a traffic sensitive basis, adoption of a combined local switching rate element which includes line termination is logical, since the same minutes of use are applied to local switching, line intercept, and line termination. Pacific states that this change will benefit both the carriers and Pacific by simplifying billing and reducing bill auditing costs for both parties.

In Advice Letter No. 15785 (filed August 10, 1990), Pacific proposed to comply with the FCC amendment and implementation plan and the Commission decision. It consolidated line termination and line intercept into the local switching rate element. It also proposed to gradually increase the local switching rate (which is consistent with the FCC plan) for LS1 access service until it equals the LS2 access rate on January 1, 1993. Commission Resolution T-14155 (September 25, 1990) authorized the first phase of eliminating LS1 rates. Resolution T-14339 authorized the second phase. This Resolution will approve both the third and the fourth phases.

The previous phases have been approved individually through separate advice letters. Because both the process and the amount of the next increase are known, it is administratively unnecessary to require an additional resolution for next year's final adjustment of the LS1 rate.

PROTESTS

Pacific's Advice Letter 16110 appeared in the Commission Calendar on November 21, 1991. The Commission Advisory and Compliance Division has received no protests of this advice letter.

DISCUSSION

The following schedule was proposed by Pacific in Advice Letter No. 15785 to increase the LS1 rate until it is equal to the LS2 rate:

| | |
|--|--------|
| The relation of LS1 rate to LS2 rate prior to 9-12-90: | 86.2% |
| 9-12-90 to 12-31-90: | 89.7% |
| 1-1-91 to 12-31-91: | 93.1% |
| 1-1-92 to 12-31-92: | 96.5% |
| after 1-1-93: | 100.0% |

Ordering Paragraph 2 of Resolution T-14155, which followed from that advice letter, indicated that it approved only the first phase in this multi-phase process. Thus, the second phase was

separately approved in Resolution T-14339. This Resolution is required in order to approve the third phase.

Pacific stated that the revenue effects of the transition have been and will be an increase in each calendar year as follows: \$2,700,000 in 1990; \$700,000 in 1991; \$1,300,000 in 1992; and \$2,800,000 in 1993.

The Commission Advisory and Compliance Division (CACD) believes that it is appropriate to authorize the final phase of eliminating LS1 in this Resolution, even though that phase is not part of Advice Letter 16110. Since both the process and the amount of the next phase are now known, it is an unnecessary administrative burden to require an additional Resolution on this matter next year. The advice letter requesting the next phase should go into effect on regular notice, but no earlier than January 1, 1993.

FINDINGS

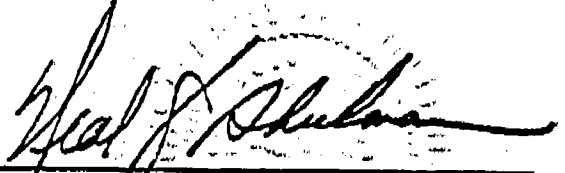
1. The elimination of the differential between the LS1 and LS2 rates is a step toward the achievement of operational parity between the intrastate and the interstate access rates, as directed by Ordering Paragraph 10 of D.85-01-010.
2. Decision 87-12-063 adopted Part 36 of the Federal Communications Commission's Separations Manual. That part removed the distinction between non-traffic sensitive and traffic sensitive costs of access service.
3. Pacific's Advice Letter No. 16110 requests a change in the LS1 rate that is consistent with the decisions discussed above and Resolutions T-14155 and T-14339.
4. It is reasonable to allow Pacific to file an advice letter for the final stage of the LS1 rate transition on regular notice, with an effective date no earlier than January 1, 1993.
5. The rates and charges proposed in Advice Letter No. 16110 and authorized herein are just and reasonable.

THEREFORE, IT IS ORDERED that:

1. The changes requested in Pacific Bell's Advice Letter No. 16110 are authorized.
2. All tariff sheets under Advice Letter No. 16110 shall be marked to show that such sheets were authorized by this Resolution, and its effective date.
3. Pacific Bell is authorized to file an advice letter which implements the final phase of the LS1 rate transition. That advice letter shall go into effect on regular notice, but not before January 1, 1993.

4. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 21, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

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