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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-14866
Telecommunications Branch February 20, 1992

R E S O L U T I O N

**RESOLUTION T-14866. PACIFIC BELL. REQUEST TO CHANGE
TWO- THROUGH NINETEEN-LINE CENTREX TARIFF FROM
PROVISIONAL TO PERMANENT STATUS.**

BY ADVICE LETTER NO. 16171, FILED ON JANUARY 23, 1992.

SUMMARY

Pacific Bell (Pacific), by Advice Letter No. 16171, filed on January 23, 1992, 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 remove the current provisional status of its two- through nineteen-line Centrex service and to approve a permanent tariff offering in its place.

This Resolution authorizes Pacific to change the provisional status of the two- through nineteen-line Centrex tariff to a permanent tariff. No protests to the Advice Letter were filed.

BACKGROUND

Centrex is a central office based communications system equipped with primary station lines capable of receiving direct in-dialed calls and of sending direct out-dialed calls, and which may be equipped with other options and features.

On April 12, 1990, by Resolution T-14063, the Commission approved Pacific's thirty-month provisional two- through nineteen-line Centrex offering. In its initial filing (in Advice Letter 15684), Pacific stated its belief that lowering the Centrex minimum line requirement from twenty lines to two would be cost effective. The company noted, however, that the cost estimates submitted with that filing were based on adjusted 1986 cost data which may not reflect current costs. Accordingly, and in order that actual costs and demand could be tracked, Pacific requested a thirty-month provisional tariff offering.

Pacific has assessed the cost and demand results from the provisional tariff and now believes that a permanent offering is appropriate.

NOTICE/PROTESTS

Pacific states that a copy of Advice Letter 16171 was mailed to competing and adjacent utilities, to other utilities, and to interested parties. Also the Advice Letter was listed in the Commission's Daily Calendar of January 27, 1992.

No protests have been filed on Pacific's Advice Letter No. 16171.

DISCUSSION

In its initial filing, Pacific's lack of confidence in the cost estimate used to justify the pricing for the two- through nineteen line offering was one of the reasons for requesting a provisional tariff. Pacific has since completed a 1991 loop study to identify the average loop investment associated with the two- through nineteen-line Centrex service. The results of the study have substantiated the estimated loop investment used to determine the pricing for the service.

In addition Pacific cites the following reasons for requesting a permanent tariff for the two- through nineteen-line offering:

- o The expected learning curve associated with the sales of the two- through nineteen-line service occurred more rapidly than expected.
- o The small business market was very responsive to the offering as its communications solution.
- o A permanent tariff would enhance Centrex sales results in this market by removing customer concern regarding the provisional nature of the tariff.
- o The two- through nineteen-line market has been developing much faster than Pacific expected and after thirteen months of trial the actual number of inward lines has exceeded projections by 50.7%.

Pacific believes customers will react favorably to this request for a permanent offering because it indicates a commitment to the service and to remaining competitive by increasing the business system buying options available to Centrex customers.

We conclude that Pacific's two- through nineteen-line Centrex service covers cost and that the customer demand during this trial period justifies changing the tariff from provisional to permanent. Therefore, we approve Advice Letter No. 16171.

FINDINGS

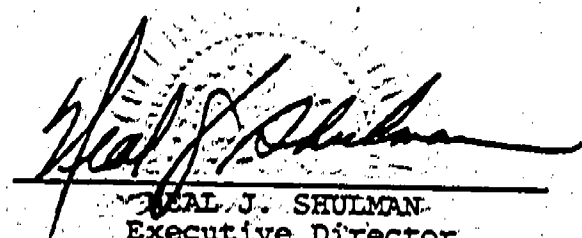
1. Pacific Bell filed Advice Letter No. 16171 on January 23, 1992, requesting Commission authorization to remove the current provisional status of its two- through nineteen-line Centrex service and to approve a permanent tariff offering.
2. The actual volumes and revenues associated with the two- through nineteen-line offering are higher than forecasted.
3. The rates, charges and conditions of the two- through nineteen-line Centrex service authorized in this Resolution are just and reasonable.

THEREFORE, IT IS ORDERED that:

1. Authority is granted to make the tariff sheets accomplishing Advice Letter No. 16171 effective on February 21, 1992.
2. 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-14866.

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 February 20, 1992. The following Commissioners approved it:



NEAL J. SHULMAN
Executive Director

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

Commissioner Patricia M. Eckert
being necessarily absent, did not
participate.