

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division
Telecommunications BranchRESOLUTION T-15149
December 3, 1992

R E S O L U T I O N

RESOLUTION T-15149. INTERNATIONAL PAGING CORPORATION.
RESTRUCTURING OF RADIOTELEPHONE RATES.BY ADVICE LETTER NO. 3, FILED ON JULY 18, 1991 AND
ADVICE LETTER NO. 3A, FILED ON AUGUST 6, 1991.SUMMARY

This Resolution authorizes International Paging Corporation (IPC) to restructure its display and alpha-numeric rates for statewide service and to offer new tiers of rates for specific geographical service areas. IPC's proposal will increase some statewide rates. IPC's proposed rates for specific geographical service areas will give customers the opportunity to pay for only the service they need. Approximately 10% of display pager customers may experience an increase in rates. IPC currently has no customers for alpha-numeric service. There were no protests to this advice letter.

BACKGROUND

IPC is a radiotelephone utility that provides one-way paging and signalling service in major metropolitan areas of Northern and Southern California.

On July 18, 1991, IPC filed Advice Letter No. 3 to restructure its display and alpha-numeric rates for statewide service. In addition, IPC proposes to offer new tiers of rates for customers requiring service only in specific geographical areas. On August 6, 1991, IPC filed supplemental Advice Letter No. 3A to specifically identify the rate changes in the tariff sheets and thereby comply with the requirements of General Order No. 96-A. The following tables show IPC's current and proposed rates:

1. DISPLAY RATES

A. Statewide Service

<u>No. of Units</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>% Change</u>
1 - 6	\$14.00	\$14.00	---
6 - 11	11.00	12.00 (I)	9
12 - 25	10.00	10.00	---
26 - 100	8.00	8.00	---
101+	4.50	5.50 (I)	22

B. New Service for Specific Geographical Area

	<u>Proposed Rates</u>				
	<u>So CA</u>	<u>No CA</u>	<u>Centrl & No CA</u>	<u>Centrl & So CA</u>	<u>No & So CA</u>
1 - 5	\$ 10	\$ 10	\$ 11	\$ 11	\$ 12
6 - 11	8	8	9	9	10
12 - 25	6	6	7	7	8
26 - 100	5	5	6	6	7
101+	4	4	4.50	4.50	5

2. ALPHA-NUMERIC RATES

A. Statewide Service

<u>No. of Units</u>	<u>Current Rates</u>	<u>Proposed Rates</u>	<u>% Change</u>
1 - 50	\$17.00	\$20.00 (I)	18
51 - 99	16.00	17.00 (I)	6
100+	15.00	15.00	---

B. New Service for Specific Geographic Area

	<u>Proposed Rates</u>	
	<u>So CA</u>	<u>No CA</u>
1 - 50	\$ 17	\$ 17
51 - 99	16	16
100+	15	15

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The Commission Advisory and Compliance Division made several attempts to get additional data to determine the effect of IPC's proposed increases on customers. On July 21, 1992, IPC submitted the additional data requested by CACD on June 22, 1992. IPC stated that it had conducted a random survey of its existing customers. The result of IPC's survey indicated that 90% of its display pager customers have less than 5 units. Of those customers with less than 5 units, 71% would elect to continue receiving statewide service at \$14 per month, which is the same as the current rate. 20% would request IPC's proposed new service for Northern and Southern California at \$12 per month, and the remaining 9% would select either IPC's proposed new service for Northern or Southern California at \$10 per month. Therefore, 90% of the display pager customers will pay either the same rate as the current rate for statewide service or a lower rate for specific geographical service areas. Further, IPC stated that it does not currently have alpha-numeric customers.

NOTICE/PROTESTS

Public notice of IPC's Advice Letter Nos. 3 and 3A was made by publication in the Commission's Daily Calendar of July 22, 1991 and August 12, 1991, respectively. Also, pursuant to General Order No. 96-A, Section III, Paragraph 6, IPC mailed copies of its advice letters to other utilities and to all interested parties requesting notification.

IPC mailed a notice of its proposed rate changes to each of its customers. No protests were received.

DISCUSSION

IPC proposes to restructure its display and alpha-numeric rates for statewide service. Also, IPC proposes to create various tiers of rates based on the geographical scope of paging service that each customer requires. IPC has significantly expanded its service area in Northern, Southern, and Central California. Its operating experience reveals that some customers require statewide service while others require coverage only in a specific geographical area. By offering various tiers of rates, IPC hopes to satisfy customers' demand for specific geographical service areas with generally lower rates. With IPC's proposed changes, display pager customers will pay either the same or higher rates than the current rates for statewide service and generally lower rates for specific geographical service areas. IPC's alpha-numeric customers will pay either the same or higher rates than the current rates for statewide service and basically the same rates as the current statewide rates for specific geographical service areas.

IPC indicates that 90% of its display pager customers have less than 5 units. Based on IPC's customer survey, a majority of

those with less than 5 units will continue subscribing to statewide service at the same rate as the current rate, and most of the remaining will choose specific geographical coverage at a lower rate. Therefore it appears that only approximately 10% of the display pager customers may experience an increase in rates. Since there are no current subscribers to IPC's alpha-numeric service, no customers will be affected by the proposed changes in this service.

IPC estimates that its annual revenue will not be affected by the proposed rate changes because the rate increases will be offset by the rate decreases when customers choose only coverage in a specific geographical area.

According to Decision (D.) 92-01-016, which sets the regulation of radiotelephones, a minor rate increase is less than both 1% of the total California intrastate revenue and 5% of the affected service rates. If a filing exceeds either parameter, it will be treated as a major increase. D.92-01-016 also requires 30 days' notice and Commission authorization of radiotelephone major rate increases. IPC's rate increases are above 5%, and therefore require Commission approval. IPC made an adequate showing and justification of its requests in its Advice Letter No. 3A.

FINDINGS

1. IPC proposes to restructure its display and alpha-numeric rates to serve both statewide and specific geographical areas.
2. IPC's proposed services in specific geographical areas will allow customers to receive and pay for only the scope of service they need. Therefore, customers will pay lower rates.
3. Approximately 10% of display pager customers may experience an increase in rates.
4. IPC currently has no alpha-numeric customers.
5. IPC anticipates no additional revenues because the rate increases, though not minor, will be offset by rate decreases paid by customers who elect coverage in specific geographical areas.
6. IPC's requests in its Advice Letter No. 3A are justified.

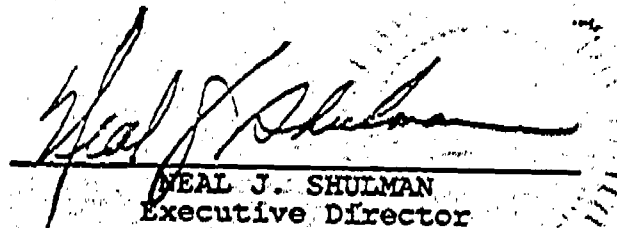
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THEREFORE, IT IS ORDERED that:

International Paging Corporation's requests in Advice Letter No. 3A are granted. The effective date of this authority is the effective date of this Resolution.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 3, 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