

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION      RESOLUTION T-15163  
 Telecommunications Branch                              December 3, 1992

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

RESOLUTION T-15163. PACIFIC BELL. REQUEST TO PROVIDE CENTREX SERVICE UNDER CUSTOMER-SPECIFIC CONTRACTS TO THE CUSTOMERS LISTED BELOW.

<u>CUSTOMER</u>	<u>ADVICE LETTER NO.</u>	<u>DATE FILED</u>
1. The Monterey Institute of International Studies	16364	11/3/92
2. Teknekron Communication Systems, Inc.	16365	11/3/92
3. Country Air Properties	16366	11/3/92
4. Association for L.A. Deputy Sheriffs	16367	11/3/92
5. Gangi Brothers Packing Company Corp.	16368	11/3/92
6. St. Barnabas Senior Center	16369	11/3/92
7. Cerplex Incorporated	16370	11/3/92
8. Med-Help Training School	16371	11/3/92
9. Dean Witter, Incorporated	16372	11/3/92
10. Biocare Laboratory	16373	11/3/92

**SUMMARY**

Pacific Bell (Pacific) requests authority under provisions of General Order No. 96-A (G.O. 96-A) and Decision Nos. (D.) 88-09-059 and 91-01-018 to deviate from filed tariff schedules in order to provide Centrex service to the companies listed above, under customer-specific contracts.

This Resolution authorizes Pacific to provide Centrex service to the above companies under contract at rates which are discounted from the tariff rates. No protests to the Advice Letters were filed.

**BACKGROUND**

In D.88-09-059 the Commission adopted a modified Phase I Settlement (hereinafter referred to as the Settlement). Under

the provisions of the Settlement, the Local Exchange Companies (LECs) are allowed to provide certain services, such as Centrex service, under the terms of contracts between LECs and customers. The Settlement provides that such contracts become effective upon authorization by the Commission.

The process and requirements for filing of advice letters to request authorization of customer-specific contracts are set forth in Appendix A of D.88-09-059. Additional specifications for advice letter filings requesting authorization to provide service under contract are provided in Resolution Nos. T-13091 and T-13069.

D.90-04-031 further requires that special contracts comply with the principles of unbundling, nondiscriminatory access, imputation, and basing rate structures of monopoly utility services on underlying costs. However, D.91-01-018 has relieved Pacific from meeting these requirements until a further decision on this matter is issued. In the interim, LECs may file advice letters for Centrex contracts using the pricing methodology approved by the Commission in D.88-09-059.

Centrex is a central office based communications system equipped with primary station lines capable of receiving direct in-dialed calls and capable of direct out-dialing of calls with optional features.

Under the terms of the contracts, Pacific agrees to provide Centrex service at the monthly rates and estimated annual revenue impacts listed below. Recurring charges for growth lines are at the contract rate, and nonrecurring charges for growth lines will be at the prevailing tariff rate.

<u>CUSTOMER</u>	<u>LINES AT CUTOVER</u>	<u>MONTHLY RATE</u>	<u>TERM (YRS)</u>	<u>REVENUE IMPACT</u>
1. The Monterey Institute of International Studies	162	\$2,066	3	\$-8,381
2. Teknekron Communication Systems, Inc.	367	5,578	3	-32,490
3. Country Air Properties	25	394	3	-398
4. Association for L.A. Deputy Sheriffs	34	496	5	-877
5. Gangi Brothers Packing Company Corp.	34	494	5	-834
6. St. Barnabas Senior Center	40	586	5	-1,072
7. Cerplex Incorporated	113	1,641	3	-5,057
8. Med-Help Training School	28	424	3	-469
9. Dean Witter, Inc.	15	232	5	-718
10. Biocare Laboratory	20	315	3	-303

NOTICE/PROTESTS

Pacific states that copies of the Advice Letters were mailed to competing and adjacent utilities and/or other utilities and to the customers named in the contracts. Also the Advice Letters were listed in the Commission's Daily Calendar.

No protests to the Advice Letters were filed.

#### DISCUSSION

In reviewing the Advice Letters, we note the following.

- a. The contracts contain the necessary language which conditions their approval upon Commission authorization.
- b. The Advice Letters and the contracts are public documents.
- c. Pacific requests in the Advice Letters that the workpapers and supporting cost documentation associated with the contracts be treated as confidential.
- d. Pacific has offered the parties to the Phase I Settlement in I.87-11-033 the opportunity to receive and review the workpapers and supporting documentation associated with the contracts if such a party first enters into a protective agreement. The Division of Ratepayer Advocates is excepted from this requirement.
- e. The contracts provide for the offering of Centrex service which is an appropriate service for offering under a contractual arrangement.
- f. The rates and charges set forth in these contracts cover the direct embedded costs of providing the Centrex service offered under the terms of these contracts.
- g. The monthly rate per line, excluding nonrecurring charges, for Centrex service under the terms of the contracts is greater than the sum of the present one-party business measured service rate and the multi-line End User Common Line charge per month per line (LMB+EUCL).
- h. The Advice Letters indicate that the costs and revenues associated with the contracts will be tracked.
- i. Contracts are required in these cases because the customers require fixed price contracts that are competitive with PBX alternatives; this requirement cannot be met by the Centrex service available under Pacific's present tariff.
- j. Pacific has offered to provide the customers deaveraged PBX trunk rates under contract, at rates determined by the same cost methodology used to determine the contract Centrex line rates.

We conclude that the Advice Letters meet the requirements set forth in the Commission orders and G.O. 96-A, and should be approved. However, we must emphasize that our approval is based on the specifics of these Advice Letters and the associated contracts, and does not establish a precedent for the contents or for Commission approval of similar requests.

**FINDINGS**

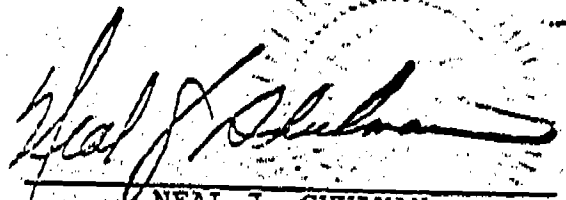
1. Pacific Bell filed Advice Letter Nos. 16364-16373 requesting Commission authorization to provide Centrex service to the listed companies under customer-specific contracts.
2. The Advice Letters and the contracts conform to the requirements of Decision Nos. 88-09-059 and 91-01-018, Resolution Nos. T-13069 and T-13091, and G.O. 96-A.
3. Pacific Bell states that authorization of these contracts will result in estimated annual revenue impacts as listed.
4. Commission authorization of these Advice Letters and these contracts does not establish a precedent for the contents of the filings, or the Commission approval of similar requests. Commission approval is based on the specifics of these contracts.
5. The rates, charges, terms and conditions of the Centrex contracts approved in this Resolution are just and reasonable.

**THEREFORE, IT IS ORDERED that:**

1. Authority is granted to make Advice Letter Nos. 16364-16373, corresponding tariff sheets and the associated Pacific Bell contracts effective on December 4, 1992.
2. The Advice Letters, tariff sheets and contracts 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-15163.

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 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