

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Branch
Commission Advisory and Compliance Division
RESOLUTION T-15170
December 16, 1992

R E S O L U T I O N

RESOLUTION T-15170. THE SISKIYOU TELEPHONE COMPANY (U-1017-C). REQUEST TO CLOSE SUBURBAN FOUR-PARTY SERVICE, TO ELIMINATE NETWORK ACCESS LINE MILEAGE CHARGES, AND TO RAISE RATES OF ALL CLASSES OF NETWORK ACCESS-LINE RATES TO RECOVER THE SHORTFALL PRODUCED BY THE ELIMINATION OF MILEAGE CHARGES.

BY ADVICE LETTER NO. 202, FILED ON NOVEMBER 2, 1992.

SUMMARY

This Resolution authorizes The Siskiyou Telephone Company (Siskiyou) to close to all but existing customers, (to "grandfather") its offering of suburban, four-party, business and residence access-line service; to eliminate its network access-line mileage charges; and to recover the reduced revenues associated with the elimination of the access-line mileage charges by adjusting the billing surcharge/surcredit. The filing is revenue neutral to Siskiyou. Siskiyou is also authorized, for a period of 30 days from the effective date of this Resolution, to waive service-order and upgrade charges for those customers wishing to convert from four-party to single-party service.

BACKGROUND

On November 18, 1992, Siskiyou Telephone Company upgraded its Basic 9-1-1 Emergency Telephone Service to Enhanced 9-1-1 Emergency Telephone Service. Enhanced 9-1-1 Emergency Telephone Service offers the Public Safety Answering Point (PSAP) access to the 9-1-1 caller's local telephone number (ANI) and address location (ALI). However, the 9-1-1 caller must have single-party access-line service to automatically indicate the telephone number and address to the PSAP, since ANI or ALI can not be provided in conjunction with four-party service.

Prior to filing its Advice Letter No. 202, Siskiyou consulted with the Telecommunications Branch of the Commission Advisory and Compliance Division (CACD). Siskiyou proposed to eliminate mileage charges (charged in conjunction with its single-party service) and upgrade all four-party service customers (who don't

pay mileage charges) to single-party service so that all subscribers could utilize the full benefits of the new Enhanced 9-1-1 service. CACD opposed Siskiyou's proposal, since it would require a rate increase of over \$2.00 a month, and instead advised Siskiyou to notice all subscribers of the Enhanced 9-1-1 service upgrade and the possibility that individual four-party service customers might wish to convert at their own expense to single-party service to fully utilize the Enhanced 9-1-1 service.

In response to Siskiyou's notice, both Siskiyou and CACD received complaints from four-party service customers who felt they were unreasonably denied access to Enhanced 9-1-1 service by Siskiyou's existing rates. CACD then suggested that Siskiyou conduct a survey of all subscribers to determine whether or not the majority of Siskiyou's customers favored eliminating four-party service and single-party mileage charges, and to what extent the customers were willing to pay for the elimination of four-party service and single-party mileage charges.

Since an overwhelming majority (78%) of survey respondents voted to eliminate four-party service, CACD suggested that Siskiyou file an advice letter to freeze or "grandfather" four-party service to existing customers, to eliminate mileage charges, and to raise all access-line rates to recover the lost mileage revenue. Siskiyou filed Advice Letter No. 202 on November 2, 1992, requesting to limit its suburban four-party access-line service to existing customers, eliminate its mileage charges of \$.80 per quarter mile per month, and raise all classes of access-line charges by \$3.20 per month. In addition, Siskiyou requests to waive service-order and upgrade charges for those customers wishing to convert from four-party service to single-party service for a period of 30 days from the effective date of Advice Letter No. 202.

PROTESTS

Notice of Siskiyou's Advice Letter No. 202 was published in the Commission's Daily Calendar of November 6, 1992. At the time of filing Advice Letter No. 202, Siskiyou mailed out a notice to all subscribers describing its request to increase access-line rates, giving notice of the present and proposed rates, and an explanation of the reason the increase was being sought. All subscribers were also informed that they might communicate with the Commission regarding the proposed increase not later than fifteen days after the date of distribution of the notice.

CACD received one protest to Siskiyou's advice letter; the customer objected to paying higher rates to eliminate mileage charges for rural customers.

DISCUSSION

Siskiyou has upgraded its Basic 9-1-1 Emergency Telephone Service to Enhanced 9-1-1 Emergency Telephone Service (with ANI and ALI capabilities) in response to existing state legislation (Government Code Sec. 53100.5). To fully utilize Enhanced 9-1-1 Service, the caller must have single-party access-line service. Prior to Advice Letter No. 202, Siskiyou charged \$.80 per quarter mile per month in conjunction with single-party access-line service. This mileage charge proved extremely burdensome to many rural Siskiyou subscribers who instead chose four-party service without the mileage charge.

Based on the response of Siskiyou's customers to the Company's survey, and on the lack of significant protest to the noticed rate increase, we believe it is in the public interest to authorize Siskiyou to eliminate its mileage charges and to grandfather four-party access-line services. We believe it is also appropriate to make these rate adjustments revenue neutral for Siskiyou. We do not, however, concur with the proposal to increase all access-line rates by \$3.20 to recover the lost mileage charge revenue.

The proposed increase in monthly rates of \$3.20 per access-line, if authorized, would result in an increase of 42% (from \$7.60 to \$10.80) for one-party residence flat rate customers. The increase to universal service suburban residence customers would be 44% (\$3.60 to \$5.20) under the rate increase proposal. We find such increases to be substantial and believe that alternative rate adjustments which mitigate these substantial increases should be considered. We believe that an adjustment in the billing surcharge/surcredit mechanism is an alternative rate adjustment which eliminates the need to increase basic rates.

Siskiyou has proposed in Advice Letter No. 201, filed October 5, 1992, in conjunction with its annual High Cost Fund filing requirement, to increase its intraLATA surcredit from 6.92% to 25.62% (incremental increase in surcredit of approximately 19%), to be effective January 1, 1993. We believe that the appropriate rate adjustment to offset the loss in revenue associated with the elimination of mileage charges is to reduce this incremental increase in the surcredit of approximately 19% to an incremental increase in the surcredit of approximately 6%. By adjusting the billing surcredit we can eliminate the need to increase the rates for access-line services. In order to mitigate the number of rate adjustments, we will make Advice Letter No. 202 effective on January 1, 1993, concurrent with Advice Letter No. 201.

We also approve Siskiyou's proposal to waive service-order charges and upgrade charges for those customers who, during a period of 30 days from the effective date of Advice Letter No. 202, convert to single-party service. We believe that this and the elimination of mileage charges will make it financially feasible for all customers of Siskiyou to enjoy the benefits of

the new Enhanced 9-1-1 Emergency Telephone Service initiated by Siskiyou in response to Government Code Section 53100.5.

FINDINGS

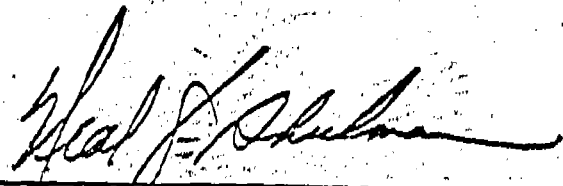
1. Siskiyou upgraded Basic 9-1-1 Emergency Telephone Service to Enhanced 9-1-1 Emergency Telephone Service on November 18, 1992.
2. Enhanced 9-1-1 Emergency Telephone Service utilizes ANI and ALI.
3. ANI and ALI cannot be provided with four-party telephone service.
4. A majority of subscribers polled by Siskiyou favor elimination of single-party line mileage charges.
5. It is reasonable to allow Siskiyou to limit its four-party telephone service to existing customers.
6. It is reasonable to allow Siskiyou to eliminate mileage charges for single-party telephone service and to revise the billing surcharge/surcredit mechanism to implement an incremental surcharge of 13.05% to make up the lost mileage charges. The adopted incremental surcharge should be implemented through the filing of an advice letter supplement for Advice Letter No. 202.
7. It is reasonable to allow Siskiyou to waive service-order charges and upgrade charges for 30 days after the effective date of Advice Letter No. 202 for those customers wishing to convert to single-party telephone service.

December 16, 1992

THEREFORE, IT IS ORDERED that:

1. Within 10 days of the effective date of this Resolution, The Siskiyou Telephone Company shall, by supplemental advice letter, amend Advice Letter No. 202 to (1) set forth an incremental surcharge of 13.05% in Schedule No. B-9 and (2) withdraw the proposed increase in monthly rates for Network Access Line Services. Advice Letter No. 202 and the associated tariff sheets as amended in compliance with this Ordering Paragraph by an advice letter supplement are authorized and shall become effective January 1, 1993.
2. The Siskiyou Telephone Company may waive service-order charges and upgrade charges for 30 days after the effective date of Advice Letter No. 202 for those customers wishing to convert to single-party telephone service.
3. Advice Letter No. 202 and its associated tariff sheets as amended by the advice letter supplement filed in compliance with Ordering Paragraph 1, above, shall be marked to show that they were authorized by Resolution T-15170 of the California Public Utilities Commission.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 16, 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