

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15656
Telecommunications Branch February 8, 1995

R E S O L U T I O N

RESOLUTION T-15656. PACIFIC BELL. REQUEST TO PROVIDE CENTREX SERVICE UNDER CUSTOMER-SPECIFIC CONTRACTS FOR THE CUSTOMERS LISTED BELOW.

<u>CUSTOMER</u>	<u>ADVICE LETTER NO.</u>	<u>DATE FILED</u>
1. Grant Thornton	17095	09/28/94
2. MDR Insurance Services dba Management Compensation Group, Inc.	17098	09/28/94
3. Jewish Federation Council of Greater Los Angeles	17122	10/04/94

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, 91-01-018 and 94-09-065 to deviate from filed tariff schedules in order to provide Centrex service for the customers listed above under customer-specific contracts. In compliance with D.94-09-065, Pacific filed Supplement A to the Advice Letters on December 29, 1994 which demonstrated that the contract prices exceeded or equaled the statewide average price floor for the service.

Pacific also requests that modifications to the contract that do not materially change the service offering become effective upon Commission Advisory and Compliance Division (CACD) approval.

AT&T of California, Inc. (AT&T) and MCI Telecommunications Corporation (MCI) submitted late-filed protests to Advice Letter Nos. (ALs) 17095, 17098 and 17122 on January 17, 1995. Pacific filed responses to the protest of AT&T on January 17, 1995 and MCI on January 20, 1995. For reasons we discuss in detail below, the protests are denied.

This Resolution authorizes Pacific's request.

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 Centrex service under contract. The Settlement provides that the contract becomes 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 imputation, unbundling and nondiscriminatory access adopted in D.89-10-031 and that prices for monopoly utility services will be based on their underlying costs. However, D.91-01-018 has relieved Pacific from meeting these requirements until a clarifying decision on this matter is issued. The Commission by D.94-09-095 clarified these principles and adopted other changes to the contracting requirements. The proposed contracts comply with the contracting requirements.

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 and nonrecurring charges for additions in excess of the lines and features at cutover are per contract.

<u>CUSTOMER</u>	<u>LINES AT CUTOVER</u>	<u>MONTHLY RATE</u>	<u>TERM (YRS)</u>	<u>REVENUE IMPACT</u>
1. Grant Thornton	78	\$1,158	5	\$-4,559
2. MDR Insur. Servs. dba Management Comp. Group, Inc.	100	1,313	3	-1,397
3. Jewish Fed. Council of Greater LA	150	2,025	3	-18,854

NOTICE

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.

PROTESTS

AT&T and MCI protested ALS 17095, 17098 and 17122. MCI recommends that the Commission order Pacific to cease writing Centrex contracts and to withhold its approval of pending Centrex ALS until the issues cited in the protests are resolved. AT&T requests that the Commission require Pacific to notify existing and prospective Centrex contractual customers that as of January 1, 1995 they may choose a provider other than Pacific to provide intraLATA toll calls and that Pacific will restrict use of ARS/FRS to route intraLATA toll calls to any provider other than Pacific.

Pacific filed responses to the protests of AT&T on January 17, 1995 and MCI on January 20, 1995. Pacific says the proposed contracts do not include the protested ARS/FRS optional features; its policy on the use of the Centrex ARS/FRS optional features has not changed and it is unfair to continue to withhold approval of the contracts.

DISCUSSION

AT&T and MCI protested ALS 17095, 17098 and 17122 stating that existing and prospective Centrex contractual customers may be unaware that Pacific restricts its ARS/FRS optional features to route intraLATA toll calls to intraLATA carriers other than Pacific. The protesters argue that this policy violates D.94-09-065 and is anticompetitive.

The proposed Centrex service contracts do not include the ARS/FRS optional features cited in the protests of ALS 17095, 17098 and 17122. Therefore, the protests are not applicable to these contracts.

In reviewing the Advice Letters and Supplements, we also note the following:

- a. Pacific requests in the Advice Letters that the workpapers and supporting cost documentation associated with the contracts be treated as confidential.
- b. The rates and charges set forth in these contracts cover the statewide price floors of providing the Centrex service offered under the terms of these contracts.
- c. The Advice Letters indicate that the costs and revenues associated with the contracts will be tracked.

February 8, 1995

d. Pacific requests that contract modifications that do not materially change the service offering become effective upon CACD approval. The request is a reasonable one; however, we note that such non-material change advice letter request can not become effective on less than the 40 day regular notice period required by G.O. 96-A. Also, the exceptions from the "material change" are limited to the following: (a) modifications which do not result in a reduction of the revenue to cost ratio (R/C), (b) the inclusion of services from the same tariff schedule as the schedule which offers the original contract service, or (c) non-material changes that do not violate or change any other applicable Commission decisions and/or resolutions. Specifically, modifications that result in a decrease in the R/C, or changes in the price per line, are material changes and may be authorized only by Commission resolution.

We conclude that the Advice Letters as supplemented 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 of future filings or for Commission approval of similar requests.

FINDINGS

1. Pacific filed Advice Letter Nos. 17095, 17098, 17122 and Supplements requesting Commission authorization to provide Centrex service for the listed customers under customer-specific contracts.
2. The Advice Letters and the contracts conform to the requirements of Decision Nos. 88-09-059, 91-01-018 and 94-09-065, Resolution Nos. T-13069 and T-13091, and G.O. 96-A.
3. The protests of AT&T and MCI are not applicable to ALS 17095, 17098 and 17122.
4. Pacific states that authorization of these contracts will result in the estimated annual revenue impacts as previously listed.

February 8, 1995

5. Commission authorization of these Advice Letters as supplemented and these contracts does not establish a precedent for the contents of future filings or for Commission approval of similar requests. Commission approval is based on the specifics of these contracts.

6. It is reasonable for contract modifications to become effective upon CACD approval but no sooner than the 40 day regular notice period required by G.O. 96-A and so long as they do not materially change the service offering, consistent with the definition of "material change", above.

7. 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 Pacific Bell's Advice Letter Nos. 17095, 17098, 17122 and Supplements and the associated contracts effective on February 9, 1995.

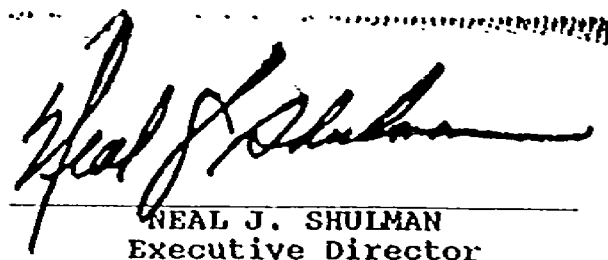
2. The protests of AT&T of California, Inc. and MCI Communications Corporation are denied.

3. Contract modification that do not materially change the service offering may become effective on no less than the 40 day regular notice period required by G.O. 96-A and with Commission Advisory and Compliance Division approval.

4. The Advice Letters as supplemented and contracts shall be marked to show that they were authorized by Resolution T-15656.

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 8, 1995. The following Commissioners approved it:


NEAL J. SHULMAN
Executive Director

DANIEL WM. FESSLER
President
NORMAN D. SHUMWAY
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
Commissioners