

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15690
Telecommunications Branch February 8, 1995

R E S O L U T I O N

RESOLUTION T-15690. 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. William Morris Agency	17160	11/16/94
2. Aero Special Delivery Service, Inc.	17163	11/16/94

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. 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.

AT&T of California, Inc. (AT&T) and MCI Telecommunications Corporation (MCI) submitted late-filed protests to Advice Letter Nos. (ALs) 17160 and 17163 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 be based on their underlying costs. The Commission by D.94-09-065 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. Wm. Morris Agency	36	\$510	5	\$-541
2. Aero Special Delivery Service, Inc.	50	1,297	5	-8,064

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 17160 and 17163. MCI recommended 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 providers other than Pacific.

Pacific filed its responses to the protest of AT&T on January 17, 1995 and MCI's 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 17160 & 17163 stating that existing or 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 any of the ARS/FRS optional features cited in the protests of ALS 17160 and 17163. Therefore, the protests are not applicable to these contracts.

In reviewing the Advice Letters as supplemented, 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 average price floor 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.

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. 17160, 17163 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 17160 and 17163.
4. Pacific states that authorization of these contracts will result in the estimated annual revenue impacts as previously listed.
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. The rates, charges, terms and conditions of the Centrex contracts approved in this Resolution are just and reasonable.

THEREFORE, IT IS ORDERED that:

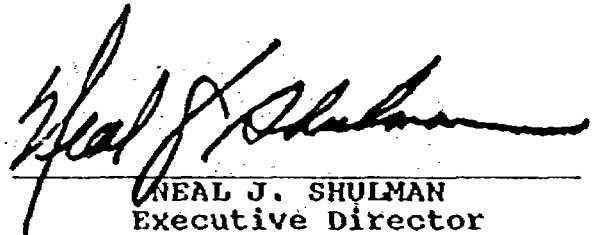
1. Authority is granted to make Pacific Bell's Advice Letter Nos. 17160, 17163 and Supplements and the associated contracts effective on February 9, 1995.
2. The protests of AT&T and MCI are denied.

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3. The Advice Letters as supplemented and contracts shall be marked to show that they were authorized by Resolution T-15690.

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