

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION      RESOLUTION T-15712  
Telecommunications Branch                              April 5, 1995

R E S O L U T I O N

RESOLUTION T-15712. PACIFIC BELL. REQUEST TO MAKE PERMANENT, RESTRUCTURE AND REPRICE PROVISIONAL PRIMARY RATE IS (INTEGRATED SERVICE).

BY ADVICE LETTER NO. 17115 FILED ON SEPTEMBER 30, 1994.

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SUMMARY

Pacific Bell (Pacific) requests authority under provisions of General Order No. 96-A (G.O. 96-A) to revise Schedule Cal. P.U.C. No. A18, Integrated Services, 18.2 Primary Rate IS to restructure and reprice the service. Pacific also requests authority to make the offering permanent, change the name to Primary Rate-ISDN (PRI) and introduce new PRI features.

AT&T Communications of California, Inc. (AT&T) and MCI Telecommunications Corporation (MCI) filed protests to Advice Letter No. 17115 (AL 17115) on September 30, 1994. Pacific filed its response on November 2, 1994. For reasons we discuss below the protests of AT&T and MCI are granted to the extent they agree with Supplement C to AL 17115.

This Resolution authorizes Pacific's request as supplemented. Pacific estimates this filing will increase the annual revenue by \$989,860.

BACKGROUND

Primary Rate IS is a network interface that provides connection of high capacity systems to the public switched network with up to 1.536 Mbps (megabits per second) of information and signaling. Primary Rate IS consist of twenty three 64 Kbps (kilobits per second) Bearer (B) channels, and one 64 Kbps Data (D) channel with a total bandwidth of 1.536 Mbps.

The Commission, by Resolution T-14188, dated November 21, 1990, authorized Pacific to offer Primary Rate IS on a provisional basis. The service, scheduled to expire on November 22, 1992, was extended to November 22, 1994 by Resolution T-15147 and to November 22, 1995 by Resolution T-15650.

Pacific filed Supplement A on October 20, 1994 to correct the 3rd paragraph of AL 17115 and filed Supplement B on November 23, 1994 to withdraw 2nd Revised Sheet of Schedule Cal. P.U.C. No. A18.

Pacific estimates this filing will increase the annual revenue by \$989,860.

#### NOTICE

Pacific states that a copy of the Advice Letter and related tariff sheets was mailed to competing and adjacent utilities and/or other utilities, and interested parties. Also the Advice Letter was listed in the Commissions' Daily Calendar of October 5, 1994.

Pacific states that customers affected by changes in the service will be notified through direct customer contact, but no blanket customer mailings or media advertising will be utilized.

#### PROTESTS

Commission Advisory and Compliance Division received protests to Pacific's AL 17115 from AT&T and MCI. AT&T filed a protest to AL 17115 on October 20, 1994. AT&T requests that the Commission direct Pacific to revise its proposed tariff to correct the problems identified below.

- o The proposed rates for bundled PRI and HICAP are below the combination of its tariff rates for the component services.
- o The bundled rates do not comply with the Commission's imputation standards.

In its protest of AL 17115, MCI states that Pacific proposes to bundle its existing Primary Rate service with a digital transport facility in a single package rate. MCI says that the package rate:

- o Fails the requisite imputation test.
- o Represents anticompetitive bundling of services.
- o Results in discriminatory pricing.

MCI also indicates that the proposed tariff language includes apparent user restrictions which are confusing, unduly restrictive and possibly anticompetitive.

MCI recommends that the Commission deny Pacific's AL 17115 and, equally important, direct Pacific to comply with the Commission's imputation standards in future filings.

#### DISCUSSION

The concerns echoed by AT&T and MCI regarding monopoly building blocks, imputation and its impact on competitive service is shared by the Commission. In D.94-09-065, the Commission said "Imputation provides an added safeguard against potential anticompetitive abuse of the monopoly the LEC has as the sole provider of monopoly building blocks, when monopoly building blocks are included in bundled competitive services."

The protesters objected to a change in the tariff in which Pacific purposes to bundle its existing PRI service with a digital transport facility in a single package rate. In response to the protests, Pacific filed Supplement C to AL 17115 on December 29, 1994 which deleted the PRI bundled packages and offers PRI packages on an unbundled basis with reduced rates and charges. The revised rates and charges cover Pacific's direct embedded costs to provide PRI. Under Supplement C the digital transport facility is provided separately from PRI and may be obtained from existing tariffs.

The concerns echoed by AT&T and MCI are therefore moot as a result of the filing of Supplement C to AL 17115.

#### FINDINGS

1. Pacific Bell filed Advice Letter No. 17115 and Supplements requesting Commission authorization to make the provisional offering of Primary Rate IS permanent.
2. Pacific filed Supplement C to AL 17115 to delete the bundled PRI packages from the offering and provide PRI on an unbundled basis with reduced rates and charges.
3. The protests of AT&T and MCI are moot.
4. Primary Rate IS is a Category I service.

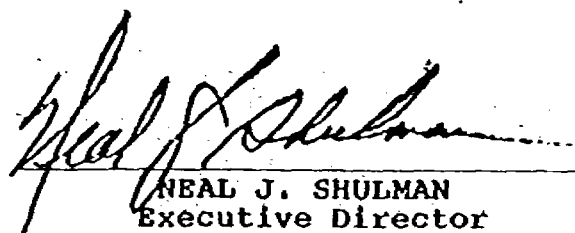
April 5, 1995

THEREFORE, IT IS ORDERED that:

1. Authority is granted to make Pacific Bell's Advice Letter No. 17115 and Supplements effective on April 6, 1995.
2. Primary Rate-ISDN is a permanent tariff service.
3. The protests of AT&T Communications of California, Inc. and MCI Telecommunications Corporation are granted to the extent they agree with Supplement C to Advice letter No. 17115.
4. The Advice Letter and tariff sheets shall be marked to show that they were authorized by Resolution T-15712.

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 April 5, 1995. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

DANIEL Wm. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, Jr.  
Commissioners

I abstain.  
/s/ HENRY M. DUQUE  
Commissioner