6-pgs

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications Branch

RESOLUTION T-15738
May 24, 1995

RESOLUTION

RESOLUTION T-15738. PACIFIC BELL. REQUEST TO OPEN CENTRAL OFFICE CODES UNDER CUSTOMER-SPECIFIC CONTRACTS FOR THE EXCLUSIVE USE OF THE CUSTOMERS LISTED BELOW.

CUSTOMER	ADVICE LETTER NO.	DATE FILED
1. Teleport communications Los Angeles, Inc.	17378	3/30/1995
	17379	3/30/1995
	17380	3/30/1995
	17386	3/30/1995
	17387	3/30/1995
	17388	3/30/1995
	17389	3/30/1995
2. Teleport Communications San Francisco, Inc.	17381	3/30/1995
	17382	3/30/1995
3. TCG San Diego	17426	4/17/1995
	17427	4/17/1995

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 94-09-065 to open eleven central office codes, commonly referred to as prefixes, under customers-specific contracts for the exclusive use of the customers listed above. The opening of a central office code is a non-tariffed service.

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

This Resolution authorizes Pacific's request. Pacific estimates that the revenue impact of these filings will be a one-time increase of $283,000.

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 non-tariffed services under customer-specific 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 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. 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.

An essential element of modern telephony is a numbering system wherein each station (telephone) has a unique number. With this numbering system, called destination code routing, callers may use the unique number to reach the desired station wherever the telephone may be.

The routing code for dialing consists of two basic parts: a three-digit NPA (Numbering Plan Area) code used for toll calls, and a seven-digit telephone number used for toll or local calls. The seven-digit number is made up of a three-digit central office code plus a four-digit station number.

The three-digit central office code (prefix) designates the assigned serving office or end office that provides dial tone to the subscriber. Up to 10,000 station numbers per prefix may be available for use depending on the amount of numbers reserved for administrative spare terminals (codes reserved for special functions, etc.).

The customers requested that Pacific open eleven central office codes for their exclusive use. To meet the requests, Pacific offered a G.O. 96-A contract for each of the codes.

Under these contracts, Pacific agrees to open a new prefix for the customers' exclusive use at each of the locations and for the one-time non-recurring code opening charges listed below:

CUSTOMER	LOCATION	ONE-TIME PAYMENT
1. Teleport Comms. L.A., Inc.	LSANCA03DS3	$29,800
	LSANCA03DS0	29,800
	NORGCA11DS0	30,600
	BRBNCA11DS0	30,600
	ELMHCA01DS0	30,600
	ANHMCA01DS0	27,600
	IRVNCA01DS0	27,600
2. Teleport Comms. S.F., Inc.	SNFCCA01DS1	22,400
	SNFCCA01DS1	22,400
3. TCG San Diego	SNDGCA15DS0	15,800
	SNDGCA03DS0	15,800

Pacific indicates that Commission authorization of these contracts will result in a one-time increase in revenue of $283,000.

NOTICE/PROTESTS

Pacific has mailed a copy of the Advice Letters and related contracts to competing and adjacent utilities and/or other utilities, and interested parties. The Advice Letters were listed in the Commission's Daily Calendar.

No protests to the Advice Letters were filed.

DISCUSSION

Pacific proposes to open eleven new prefixes for the exclusive use of the forenamed customers under special contracts. Pacific routinely provides new prefixes to accommodate growth. New prefixes are usually established to supply additional numbers needed to accommodate the growth of all customers in a particular area, rather than one customer. The costs for opening a prefix for one customer or many customers, are similar. Most costs are directly related to the number of central offices involved in the code opening and the type of central office technology (e.g., step-by-step, crossbar, digital and analog electronics). Because of the routine nature of cutting over new prefixes and the number of prefixes Pacific has cut over, the costs to cut over are well documented.

Normally these cutover costs are borne by Pacific under the New Regulatory Framework. However, in this case, the customers are paying Pacific to provide eleven new central office codes for their exclusive use under contract.

For most G.O. 96-A code opening contracts, Pacific has retained the right to regain access to the unused numbers of the prefix(s) if the customer does not utilize at least 70% of the code capacity of the corresponding prefix(s) within three years of cutover. However, Pacific has waived this policy to retrieve unused numbers from local exchange carriers because it anticipates continuous growth within the prefix for these type customers. Pacific has extended this waiver policy to include companies who are certificated by the CPUC to provide telephone service (e.g., IECs and competitive access providers). Teleport Communications Los Angeles, Inc., Teleport Communications San Francisco, Inc. and TCG San Diego are competitive access providers and are certificated to provide telephone service by the Commission.

Pacific also requests that contract modifications that do not materially change the service offerings become effective upon CACD approval. The request is a reasonable one; however, we note that such non-material change advice letter requests 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 the Commission.

The proposed code opening contracts cover costs, are beneficial to Pacific and to the customers and are not detrimental to the ratepayers. We conclude that the proposed contracts meet the requirements set forth in the previously mentioned orders and G.O. 96-A, and should be approved. However, we must emphasize that our approval is based on the specifics of the 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. 17378-17382, 17386-17389, 17426 and 17427 requesting Commission authorization to provide eleven new prefixes under customer-specific contracts.

2. The Advice Letters and the contracts conform to the requirements of Commission Decisions and of G.O. 96-A.

3. Pacific states that authorization of these contracts will result in an estimated one-time revenue increase of $283,000.

4. 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.

5. The rates and charges set forth in these contracts cover the Direct Embedded Costs of providing the service offered under the terms of the contracts.

6. The rates, charges, terms and conditions of the contractual service approved in this Resolution are just and reasonable.

7. Authorization of the Advice Letters and the contracts does not establish a precedent for the contents of these filings, or the Commission approval of similar requests. Commission approval is based on the specifics of the contract.

THEREFORE, IT IS ORDERED that:

1. Authority is granted to make Advice Letter Nos. 17378, 17379, 17380, 17381, 17382, 17386, 17387, 17388, 17389, 17426, 17427 and the associated contracts effective on May 27, 1995.

2. Contract modifications 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.

3. The Advice Letters and contracts shall be marked to show that they were authorized by Resolution No. T-15738.

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 May 24, 1995. The following Commissioners approved it:

NEAL J. SHULMAN
Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners