

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15749  
Telecommunications Branch August 11, 1995

**R E S O L U T I O N**

RESOLUTION T-15749. PACIFIC BELL. REQUEST TO PROVIDE  
CENTREX SERVICE WITH ISDN FOR ADVANCED BUSINESS  
TELECOMMUNICATIONS UNDER A CUSTOMER-SPECIFIC CONTRACT.

BY ADVICE LETTER NO. 17483 FILED MAY 18, 1995

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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 provide Centrex service with Integrated Services Digital Network (ISDN) for Advanced Business Telecommunications under a customer-specific contract. 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.

This Resolution authorizes Pacific's request. Pacific estimates that the annual revenue impact for this filing to be a decrease of \$11,719. No protest to the Advice Letter was filed.

BACKGROUND

In D.88-09-059 the Commission adopted a modified Phase I Settlement. Under the provisions of the Settlement, the Local Exchange Companies (LECs) are allowed to provide Centrex and ISDN services under contract. 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, 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 contract complies with the contracting requirements.

Supplement A to Advice Letter 17483 was filed June 16, 1995 to make a minor correction.

Centrex is a central office based leased 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. ISDN provides multi-channel integrated, end-to-end digital connectivity. The ISDN capabilities include 3 channel carrying capacity (2B+D) through a single telephone line; two full 64 kilobit B (bearer) channels providing either two digitized voice or one digitized voice and one circuit-switched or packet switched data; signal information on the D channel and simultaneous voice/data applications on a dial-up-basis.

Under the terms of the five year contract, Pacific agrees to provide Centrex with ISDN service for 75 stations and features at cutover at a minimum monthly rate of \$1,819. Recurring and nonrecurring charges for lines and features in excess of those at cutover are per contract.

Pacific estimates that the annual revenue impact for this filing to be a decrease of \$11,719.

#### NOTICE/PROTESTS

Pacific has mailed a copy of Advice Letter No. 17483 and the related tariff sheets to competing and adjacent utilities and/or other utilities and to the customer named in the contract. Also, the Advice Letter was listed in the Commission's Daily Calendar of May 22, 1995.

No protest to the Advice Letter was filed.

DISCUSSION

In reviewing Advice Letter No. 17483, we note the following:

a. Pacific requests confidential treatment of workpapers and supporting cost documentation.

b. Each service category of the contract covers its Long Run Incremental Costs (LRICs). The contract rates equal or exceed the LRICs of each rate element of the contract services.

c. The Advice Letter indicates that the costs and revenues associated with the contract will be tracked.

d. Pacific also 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 requests can not become effective on less than the 40 day regular notice period required by G.O. 96-A. Also, the exceptions from "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 decision 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 Letter meets the requirements set forth in the previously mentioned Commission Orders and G.O. 96-A and should be approved.

FINDINGS

1. Pacific filed Advice Letter No. 17483 requesting Commission authorization to provide Centrex with ISDN capability for Advanced Business Telecommunications under a customer-specific contract.

2. The Advice Letter and the contract conform to the requirements of Decision Nos. 88-09-059 and 94-09-065, Resolution Nos. T-13069 and T-13091, and G.O. 96-A.

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3. Pacific states that authorization of this contract will result in an estimated annual revenue decrease of \$11,719.
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. Commission authorization of the Advice Letter and the contract 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 the contract.
6. The rates, charges, terms and conditions of the contractual services approved in this Resolution are just and reasonable.

THEREFORE, IT IS ORDERED that:

1. Authority is granted to make Pacific Bell's Advice Letter No. 17483 and Supplement A and the contract effective on August 12, 1995.
2. Modifications to this contract that do not materially change the service 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 Letter, Supplement A and contract shall be marked to show that they were authorized by Resolution T-15749.

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 August 11, 1995. The following Commissioners approved it:

  
WESLEY M. FRANKLIN  
Acting Executive Director

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