

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION      RESOLUTION T-15752  
Telecommunications Branch                                      July 6, 1995

R E S O L U T I O N

RESOLUTION T-15752. PACIFIC BELL. REQUEST TO PROVIDE DIRECT DIGITAL INTERFACE CENTREX SERVICE FOR A CUSTOMER (IDENTITY CONFIDENTIAL) UNDER A CUSTOMER-SPECIFIC CONTRACT.

BY ADVICE LETTER NO. 17492 FILED MAY 24, 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 Direct Digital Interface (DDI) service for a customer (identity confidential) 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 \$13,680. 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 DDI Centrex service under the terms of contracts between LECs and customers. The Settlement provides that such contracts become effective upon authorization by the Commission.

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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 contract complies 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. DDI service is a feature of Centrex which provides point-to-point, end-to-end digital connectivity from a Centrex to a distant end location. A High Capacity Digital Service (HCDS) is used as the transport facility to link the Centrex with the distant terminating point. HCDS or T-1 service is a dedicated private line channel service suitable for the transmission of digital signals of up to 1.544 megabits per second.

Under the terms of the three year contract, Pacific agrees to provide Centrex service with DDI for 6 lines at cutover at a minimum monthly rate of \$4,560. Recurring and nonrecurring charges for lines or 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 \$13,680.

#### NOTICE/PROTESTS

Pacific has mailed a copy of Advice Letter No. 17492 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 30, 1995.

No protest to Advice Letter No. 17492 was filed.

DISCUSSION

In reviewing Advice Letter No. 17492, we note the following:

- a. The customer requests that its identity be kept confidential and not be publicly disclosed. In D.94-09-065, the Commission permitted utilities at the customer's request, to file contracts with the customer's name omitted, in order to honor the customer's request for privacy.
- b. Each service category of this contract covers its Long Run Incremental Costs (LRIC). 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. 17492 requesting Commission authorization to provide DDI Centrex service for a customer (identity confidential) under a customer-specific contract.
2. The Advice Letter and the contract conform to the requirements of Decision Nos. 88-09-059, 94-09-065 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 \$13,680.

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. 17492 and the contract effective on July 7, 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 and contract shall be marked to show that they were authorized by Resolution T-15752.

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 July 6, 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