PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION   RESOLUTION T-15803
Telecommunications Branch   December 6, 1995

RESOLUTION

RESOLUTION T-15803. PACIFIC BELL. REQUEST TO OPEN A CENTRAL OFFICE CODE FOR THE EXCLUSIVE USE OF KAISER PERMANENTE UNDER A CUSTOMER-SPECIFIC CONTRACT.

BY ADVICE LETTER NO. 17688 FILED ON SEPTEMBER 1, 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 a central office code, commonly referred to as a prefix, under a customer-specific contract for the exclusive use of Kaiser Permanente. The opening of a central office code is a non-tariffed service.

Pacific also requests that future contract modifications 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 indicates that the revenue impact of this filing will be a one-time increase of $29,800.

BACKGROUND

In D.88-09-059 the Commission adopted a modified Phase I Settlement. Under the provisions of this Settlement, the Local Exchange Companies (LECs) are allowed to provide central office codes for the exclusive use of a customer under the terms of 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 contract complies 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 codes for dialing consist 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 calls 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 customer requested that Pacific open a central office code for its exclusive use. To meet the request, Pacific offered the customer a G.O. 96-A contract. Under this contract, Pacific agrees to open a new prefix for the customer's exclusive use at the utility's LSANCA12DSO central office located in Los Angeles for a one-time non-recurring charge of $29,800.

Pacific indicates that Commission authorization of this contract will result in a one-time increase in revenue of $29,800.

NOTICE/PROTESTS

Pacific has mailed a copy of the Advice Letter and the contract to competing and adjacent utilities and/or other utilities, and interested parties. The Advice Letter was listed in the Commission's Daily Calendar of September 8, 1995.

No protest to the Advice Letter was filed.

DISCUSSION

Pacific proposes to open a new prefix for the exclusive use of Kaiser Permanente under contract. 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, Pacific is being paid by Kaiser Permanente to provide a new central office code for its exclusive use under contract.

The contract charge covers Pacific's cost to provide the service. Pacific also retains the right to regain access to the unused numbers of the prefix if the customer does not utilize at least 70% of the code capacity of the corresponding prefix within three years of cutover.

Pacific also requests that contract modifications that do not materially change the service offering and are of a ministerial nature become effective upon CACD approval. The request is a reasonable one; however, CACD notes 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 contract charge covers prefix cutover costs, is beneficial to Pacific and to the customer and is not detrimental to the ratepayers.

CACD concludes that the proposed service meets the requirements set forth in the previously mentioned orders and G.O. 96-A, and recommends that the Commission approve the filing. CACD also notes that Commission approval is based on the specifics of this Advice Letter and contract and does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

FINDINGS

1. Pacific Bell filed Advice Letter No. 17688 requesting Commission authorization to provide a new prefix under a customer-specific contract.

2. The Advice Letter and the contract conform to the requirements of Commission decisions and of G.O. 96-A.

3. Pacific states that authorization of the contract will result in a one-time revenue increase of $29,800.

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 the contract covers the Direct Embedded Costs of providing the service offered under the terms and conditions of the contract.

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

7. Authorization of the Advice Letter and the contract does not establish a precedent for the contents of future 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 No. 17688 and the associated contract effective on December 7, 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 Letter and contract shall be marked to show that they were authorized by Resolution No. T-15803.

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 December 6, 1995. The following Commissioners approved it:

Wesley Franklin
WESLEY M. FRANKLIN
Executive Director

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