

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION TELECOMMUNICATIONS DIVISION
PUBLIC PROGRAMS BRANCH

RESOLUTION T-15804
April 9, 1997

R E S O L U T I O N

RESOLUTION T-15804. PACIFIC BELL (U-1001-C). PLAN FILED TO COMPLY WITH ORDERING PARAGRAPH 4 OF CALIFORNIA PUBLIC UTILITIES COMMISSION DECISION 93-11-011 CONCERNING THE IMPLEMENTATION OF THE PLAN FOR ACHIEVING UNIVERSAL SERVICE.

BY ADVICE LETTER 16930, FILED MARCH 2, 1994.

SUMMARY

This resolution accepts the plan submitted by Pacific Bell as Advice Letter (AL) 16930 and approves the reimbursement of Pacific Bell (PacBell) for monies expended executing the plan which have not been reimbursed by the ULTS fund.

BACKGROUND

The main issue of the Investigation of the Pacific Telesis "spinoff" proposal, I.93-02-028, was the terms, conditions and methods for the permanent division of Pacific Telesis wireless subsidiaries into a separate corporation. Some of the participants in the proceeding were concerned with the continuing effect that the "spinoff" would have in relation to the continuing universal service obligation of PacBell. The results of the investigation was California Public Utilities Commission Decision (D.) 93-11-011.

Ordering Paragraph 4 of D.93-11-011 directed PacBell to file a plan to assess universal lifeline service and market lifeline service. AL 16930 is PacBell's response to that order.

NOTICE AND PROTESTS

PacBell filed AL 16930 on March 2, 1994. Four protests were received. The Division of Ratepayer Advocates (DRA), Toward Utility Rate Normalization (TURN), Consumer Action (CA) and Public Advocates Inc., on behalf of Mexican-American Political Association and World Institute on Disabilities (MAPA-WID), filed timely protests.

The issues raised in the protests focus on three groups of issues:

1. The first issue is notice. TURN argued that AL 16930 should have been served on the service list of I.83-11-05. TURN contended that participants in I.83-11-05 have an interest in the operation of Universal Lifeline Telephone Service. The participants include Local Exchange Carriers (LECs) and Interexchange Carriers (IECs) who either make claims on the ULTS Trust and/or collect surcharges that fund the ULTS Trust.

2. The second issue is the recoverability of the expenses of the marketing plan from the ULTS Fund. TURN, Consumer Action and DRA objected to the recovery of the costs of the marketing plan, about \$5 million per year, from the ULTS Trust. The plan submitted in AL 16930 states the intent of the utility to request recovery of certain costs of the marketing plan from the ULTS Trust.

3. The third issue is the adequacy of the plan details as submitted in the advice letter. Three protestants, Consumer Action, DRA and MAPA-WID expressed various concerns with specific components of the Marketing plans and with some aspects of the methodology for assessing penetration rates and awareness of the ULTS program.

On March 29, 1994, PacBell responded to the four protests. PacBell defended the specific components of the marketing plan, their intention to recover the costs of the plan from the ULTS Trust and their original service of AL 16930.

On April 13, 1994, MAPA-WID filed a document that it called a "motion" to reject AL 16930. The "motion" repeated the arguments presented in their protest of AL 16930. On April 29, 1994, PacBell responded to the MAPA-WID "motion".

DISCUSSION

The issue of the adequacy of notice was resolved on May 3, 1994. At the request of Commission Advisory and Compliance Division (CACD), now the Telecommunications Division, PacBell mailed copies of AL 16930 to the service list for I.83-11-05. No additional protests were generated by the additional service.

Issues of the recoverability of specific costs of providing Lifeline services under General Order (G.O.) 153 and D.87-07-090 have not been fully defined. Workshops were held and a report was issued with specific recommendations for revision to G.O. 153. The recommendations included definitions of recoverable expenses from the ULTS Trust. G.O. 153 has not been revised since the source of funding was changed from a tax to a surcharge. Issues related to the recovery of Marketing and Commercial types of expenses, one of the generally defined expense recovery categories, have been resolved by

administrative decision of CACD management, in the absence of clear direction from G.O. 153.

The practice, and policy, of the ULTS program has been to reimburse expenses filed on the ULTS Trust if those expenses were incurred in the furtherance of the activities of the program and were not otherwise limited or prohibited. The practice has been to reimburse claimants for funds expended when the Commission orders a claimant to expend funds in order to achieve a specific objective unless the reimbursement is specifically limited or precluded. Therefore, expenses claimed from the ULTS Trust for marketing expenses, incurred at the direction of the Commission, have been recoverable from the trust.

MAPA-WID pursued the issue of the adequacy of the plan for outreach and issues of measurement methodology. On July 14, 1994, PacBell and the Greenlining Coalition (GC), of which MAPA-WID are members, entered into an agreement concerning their outreach and market penetration efforts. The agreement provided for a best effort attempt at the attainment of a 95% market penetration level by the year 1999. The agreement also provided that PacBell would also reach an agreement with GC on matters of methodology used to measure penetration goals by April 15, 1995. On January 12, 1995 agreement was reached by PacBell and CG on measurement issues.

On April 30, 1995, Pacific Bell submitted its market penetration study to the Commission. There were no protests filed with respect to the study.

In the August 1994 claim for reimbursement for funds expended for the ULTS program, part of the claim was rejected by the ULTS Administrative Committee at the recommendation of CACD. The rejected portion of the claim was related to the reimbursement for Marketing expenses related to the plan as described in AL 16930. The reimbursement of the expenses would have been a defacto acceptance of advice AL 16930. Pacific Bell has not been paid the amount of the claim that was rejected, \$542,387.71.

FINDINGS

1. Advice letter AL 16930 complies with Ordering Paragraph 4 of Decision 93-11-011.
2. All of the protests to AL 16930 have been resolved.
3. The expenditure of funds to implement the marketing of ULTS services was ordered by the Commission in D.93-11-011. The expenditures were in furtherance of the activities of the program and were not otherwise prohibited. Therefore, consistent with established policy, the sum of \$542,387.71, which was claimed from the ULTS Fund for expenses incurred in the implementation of marketing efforts ordered by the Commission in D.93-11-011, is reimbursable from the ULTS Fund.

THEREFORE, IT IS ORDERED that:

1. Telecommunication Division, formerly CACD, is directed to accept Pacific Bell's advice letter 16930 with an effective date of April 1, 1994.
2. The effective date of this Resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 9, 1997. The following Commissioners approved it:

Wesley Franklin

WESLEY M. FRANKLIN
Executive Director

P. GREGORY CONLON
President
JESSIE J. KNIGHT, Jr.
HENRY M. DUQUE
JOSIAH L. NEEPER
RICHARD A. BILAS
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