

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION
Telecommunications Branch

RESOLUTION T-15865*
May 8, 1996

R E S O L U T I O N

RESOLUTION T-15865. PACIFIC BELL. REQUEST TO PROVIDE CENTREX SERVICE UNDER CUSTOMER-SPECIFIC CONTRACTS FOR THE CUSTOMERS (IDENTITIES CONFIDENTIAL) LISTED BELOW.

<u>CUSTOMER</u>	<u>ADVICE LETTER NO.</u>	<u>DATE FILED</u>
1. Confidential 1	17840	11/01/95
2. Confidential 2	18073	02/23/96
3. Confidential 3	18091	03/05/96
4. Confidential 4	18092	03/05/96
5. Confidential 5	18093	03/05/96
6. Confidential 6	18094	03/05/96
7. Confidential 7	18095	03/05/96
8. Confidential 8	18096	03/05/96
9. Confidential 9	18097	03/05/96
10. Confidential 10	18098	03/05/96
11. Confidential 11	18099	03/05/96
12. Confidential 12	18100	03/05/96

SUMMARY

Pacific Bell (Pacific) requests authority under provisions of General Order No. 96-A (G.O. 96-A), Decision Nos. (D.) 88-09-059 and 94-09-065 to deviate from filed tariff schedules in order to provide Centrex service for the customers listed above under customer-specific contracts.

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

This Resolution authorizes Pacific's requests. No protests to the Advice Letters were 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 service under contract. The Settlement provides that the contract becomes 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 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.

Pacific supplemented ALs 18091 and 18100 on April 19, 1996, and May 2, 1996, respectively to make minor changes to the contracts.

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.

Under the terms of the contracts, Pacific agrees to provide Centrex service at the monthly rates and estimated annual revenue impacts listed below. Recurring and nonrecurring charges for additions in excess of the lines and features at cutover are per contract.

<u>CUSTOMER</u>	<u>LINES AT CUTOVER</u>	<u>MONTHLY RATE</u>	<u>TERM (YRS)</u>	<u>REVENUE IMPACT</u>
1. Confidential 1	320	\$5,898	5	\$-31,415
2. Confidential 2*	1,200	**	5	214,659
3. Confidential 3	200	2,884	3	-12,327
4. Confidential 4	240	3,456	3	-27,540
5. Confidential 5	151	2,333	3	-3,917
6. Confidential 6	75	983	3	-2,865
7. Confidential 7	214	3,189	3	-27,676
8. Confidential 8	186	2,528	3	-5,228
9. Confidential 9	300	4,575***	5	-27,540
10. Confidential 10	150	2,138***	3	-16,449
11. Confidential 11	200	3,080***	3	-5,856
12. Confidential 12	80	1,240***	3	-8,256

* New service.

** Charge per line \$16.37 and/or \$18.37 depending on number of lines and cutover date.

*** Includes repair service for Simple Inside Wire.

NOTICE/PROTESTS

Pacific states that copies of the Advice Letters were mailed to competing and adjacent utilities and/or other utilities and to the customers named in the contracts. Also the Advice Letters were listed in the Commission's Daily Calendar.

No protests to the Advice Letters were filed.

DISCUSSION

In reviewing the Advice Letters, CACD notes the following:

a. Pacific requests in the Advice Letters that the workpapers and supporting cost documentation associated with the contracts be treated as confidential.

b. The customers request that their identities be kept confidential and not be publicly disclosed. In D.94-09-065, the Commission permits 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.

c. The rates and charges set forth in these contracts cover the statewide Long Run Incremental Costs (LRICs) of providing each service offered under the terms of these contracts. The contract rates equal or exceed the LRICs of each rate element of the contract services.

d. The Advice Letters indicate that the costs and revenues associated with the contracts will be tracked.

e. Pacific requests that contract modifications that do not materially change the service offerings and are of a ministerial nature 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 Commission resolution.

CACD concludes that the Advice Letters meet the requirements set forth in the Commission Orders and G.O. 96-A and recommends that the Commission approve these filings. Commission approval is based on the specifics of these Advice Letters and the associated contracts and does not establish a precedent for the contents of future filings or for the Commission approval of similar requests.

FINDINGS

1. Pacific filed Advice Letter Nos. 17840, 18073, 18091 as supplemented, 18092-18099, and 18100 as supplemented requesting Commission authorization to provide Centrex service for the listed customers under customer-specific contracts.
2. The Advice Letters and the contracts 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.
3. 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.
4. Pacific states that authorization of these contracts will result in the estimated annual revenue impacts as previously listed.
5. Commission authorization of these Advice Letters and these contracts 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 these contracts.
6. The rates, charges, terms and conditions of the Centrex contracts approved in this Resolution are just and reasonable.

May 8, 1996.

THEREFORE, IT IS ORDERED that:

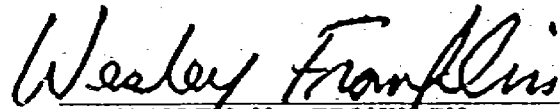
1. Authority is granted to make Pacific Bell's Advice Letter Nos. 17840, 18073, 18091 as supplemented, 18092, 18093, 18094, 18095, 18096, 18097, 18098, 18099 and 18100 as supplemented and the associated contracts effective on May 9, 1996. *

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 T-15865.

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 8, 1996. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

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