

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15866
Telecommunications Branch June 6, 1996

R E S O L U T I O N

RESOLUTION T-15866. PACIFIC BELL. REQUEST TO MODIFY A PASADENA HOSPITAL ASSOCIATION CENTREX SERVICE CUSTOMER-SPECIFIC CONTRACT.

BY ADVICE LETTER NO. 18090 FILED MARCH 5, 1996.

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 modify a Pasadena Hospital Association dba Huntington Memorial Hospital Centrex service contract to add three new features.

Pacific also requests that future 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 to modify the contract as requested. Pacific estimates the annual revenue impact of this modification will be an increase of \$60 per line. 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 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 No. T-13091 and T-13069.

D.90-04-031 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 those principles and adopted other changes to the contracting requirements. The proposed contract modification complies with the contracting requirements.

Supplement A to AL 18090 was filed on March 13, 1996 to show that this is Modification No. 2 to an existing contract and that the annual revenue impact is based on a minimum of 1 line and not to exceed the maximum of 3,500 lines stated in the Master Agreement.

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.

The original Centrex contract was authorized by Resolution No. T-14634 dated October 11, 1991. The customer has requested that the contract be modified (Modification No. 2 of the Master Agreement) to add three Centrex features. Except as noted above, all of the terms and conditions of the Master Agreement are valid.

Pacific estimates the annual revenue impact of this filing will be an increase of \$60 per line.

NOTICE/PROTESTS

Pacific has mailed a copy of Advice Letter No. 18090 and the related tariff sheets to competing and adjacent utilities and/or other utilities and to the customer named in the contract. The Advice Letter was also listed in the Commission's Daily Calendar of March 8, 1996.

No protest to the Advice Letter was filed.

DISCUSSION

In reviewing Advice Letter No. 18090 as supplemented, CACD notes the following:

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

b. The rates and charges set forth in this contract modification covers the Long Run Incremental Costs (LRICs) of providing each service offered under the terms of this contract. 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 revenue associated with the contract will be tracked.

d. 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 Letter as supplemented meets the requirements set forth in the Commission Orders and G.O. 96-A and recommends that the Commission approve this filing. Commission approval is based on the specifics of the Advice Letter and the associated contract and does not establish a precedent for the contents of future filing or for Commission approval of similar requests.

FINDINGS

1. Pacific Bell filed Advice Letter No. 18090 as supplemented requesting Commission authorization to modify the Pasadena Hospital Association customer-specific contract.

2. The Advice Letter and the contract conforms 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.

June 6, 1996

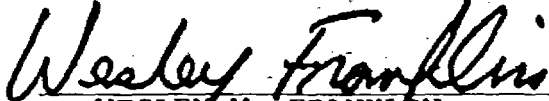
3. It is reasonable for contract modifications to become effective upon CACD approval but no sooner than the 40 day regular notice period required by G.O. 96-A and so long as they do not materially change the service offering, consistent with the definition of "material change", above.
4. Pacific indicates that the revenue impact of the filing will be an increase of \$60 per line.
5. Commission 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.
6. The rates, charges, terms and conditions of the contractual service 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. 18090 as supplemented and the contract modification effective on June 7, 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 Letter as supplemented and the contract shall be marked to show that they were authorized by Resolution T-15866.

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 June 6, 1996. The following Commissioners approved it:


WESLEY M. FRANKLIN
Executive Director

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

Commissioner Daniel Wm.
Fessler being necessarily
absent did not participate.