

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

TELECOMMUNICATIONS DIVISION

RESOLUTION T-15952*
November 26, 1996

R E S O L U T I O N

RESOLUTION T-15952. PACIFIC BELL. REQUEST TO GRANDFATHER WATS AND 2-WAY WATS/800 SERVICE, AND WITHDRAW ALL REMAINING LINES IN SERVICE EFFECTIVE FEBRUARY 28, 1997.

BY ADVICE LETTER NO. 18345 FILED JULY 8, 1996.

SUMMARY

Pacific Bell (Pacific) requests authority under provisions of General Order No. 96-A (G.O. 96-A) to grandfather Wide Area Telephone Service (WATS) and 2-Way WATS/800 Service, and withdraw all remaining lines in service effective February 28, 1997.

The Commission received two protests and two letters of concern on Advice Letter No. 18345. The Telecommunications Division determined that customers would not be adversely impacted by the proposed changes and recommends that the protests be denied.

This Resolution authorizes Pacific's request. Pacific estimates this filing will decrease its annual revenue by \$1,099,000.

BACKGROUND

Wide Area Telecommunications Service (WATS) is a dedicated access line arranged to allow outgoing calls to a specified geographical subscription area, at volume discounted toll usage rates. 800 Service can be provisioned on a dedicated access line arranged to allow incoming calls from a specific subscription area, at no charge to the calling party. 2-Way WATS/800 Service is a dedicated access line arranged to allow outgoing WATS calls and incoming 800 calls from and to a specific subscription area.

WATS and 2-Way WATS/800 Service has been experiencing a rapid decline in its customer in-service base since 1991 because customers have been migrating to more economical usage plans offered by Pacific (Pacific's Tariff Schedules A.6.5.2, Advantage 50 and A.6.5.4, Value Promise Plus).

Under the proposal, Pacific will not take any new orders for WATS and 2-Way WATS/800 Service and these services will be frozen, that is no changes will be allowed.

Pacific also proposes a sunset clause whereas all remaining WATS and 2-Way WATS/800 Service lines in-service would be removed by February 28, 1997. These customers would have the choice of disconnecting and/or converting to a measured business line and an alternate calling plan such as Advantage 50 or Value Promise Plus. Installation is free for those WATS and 2-Way WATS/800 Service customers that switch to an alternate calling plan during this withdrawal period.

Pacific filed Supplement A to AL 18345 on July 31, 1996 to add and change for clarity the grandfathering notes in Schedule A7. Pacific filed Supplement B to AL 18345 on November 22, 1996 to change the service withdrawal date from December 31, 1996 requested in AL 18345 to February 28, 1997.

Pacific estimates that this filing will decrease its annual revenue by \$1,099,000.

NOTICE

Pacific states that a copy of the Advice Letter and related tariff sheets were mailed to competing and adjacent utilities and/or other utilities, and interested parties. Also the Advice Letter was listed in the Commissions' Daily Calendar of July 10, 1996.

Pacific notified customers affected of the proposed changes in its WATS/and 2-Way WATS/800 Service in a July 9, 1996 mailing. No blanket customer mailings or media advertising was utilized.

PROTESTS

The Commission received two protests and two letters of concern on Pacific's request to withdraw WATS. In summary, the customers indicated that the discontinuance of WATS would result in an increase in their telephone costs. The Commission was asked to investigate Pacific's request, and to determine the ramifications, especially in regards to increased telephone costs.

The Telecommunications Division directed Pacific to compare WATS service versus a standard measured business line using the optional discount plans for two consecutive months of intraLATA usage. The results of the comparison indicated that customers would save using the optional discount plans in place of WATS.

Pacific notified the protestors of the results. WATS customers who wrote letters of concern to the Commission were also notified of the results of the comparison.

DISCUSSION

Pacific initially proposed to withdraw WATS and 2-Way WATS/800 Service by year-end 1996 (36 of Pacific's approximately 9,700 WATS customers, have 2-Way WATS). No new customers or changes in existing WATS and 2-Way WATS/800 Service will be permitted during this time period. Customers have the choice of disconnecting or converting to an alternate calling plan.

WATS and 2-Way WATS/800 Service customers were notified of the proposed changes in a July 9, 1996, mailing. In the notification letter, customer options were detailed and a statewide toll-free number was given to call for assistance. Pacific asked its WATS and 2-Way WATS/800 Service customers to call before November 1, 1996, to arrange for conversion. However, customers who have not made a choice will be automatically converted to an alternate calling plan by December 31, 1996. Installation is free for these alternate calling plan conversions.

On November 22, 1996, Pacific filed Supplement B to AL 18345 extending the service conversion date from November 1, 1996 to December 27, 1996 and the service withdrawal date from December 31, 1996 to February 28, 1997.

Pacific indicates that once the Commission approves its proposal to grandfather and subsequently withdraw the WATS and 2-Way WATS/800 Service, Pacific will notify its affected customers immediately of the alternate calling plans available and the February 28, 1997 service withdrawal date for WATS and 2-Way WATS/800 Service.

The Telecommunications Division concludes that the Advice letter meets the requirements set forth in G.O. 96-A. The Telecommunications Division also concludes that the optional discount plans (Advantage 50 and Value Promise Plus) provide the same options as WATS and 2-Way WATS/800 Service at a cost savings to existing WATS and 2-Way WATS/800 Service customers and recommends that the Commission deny the protests and approve this filing.

FINDINGS

1. Pacific Bell filed Advice Letter No. 18345 as supplemented to grandfather WATS and 2-Way WATS/800 Service effective with the Advice Letter's effective date and to withdraw the remaining lines effective February 28, 1997.
2. Pacific asked WATS and 2-Way WATS/800 Service customers to call to replace their service with the business discount plan of their choice by December 27, 1996.
3. Existing WATS and 2-Way WATS/800 Service customers will be allowed to convert to an alternate calling plan at no installation charge during the withdrawal period.
4. Recorded data show that the number of customers and revenue amount is declining for WATS and 2-WAY WATS/800 Service.
5. Pacific indicates that the revenue impact of this filing will be a decrease of \$1,099,000.
6. Pacific indicates that customers of the WATS and 2-Way WATS/800 Service will be notified immediately of the alternate calling plans available and the service withdrawal date of the WATS and 2-Way WATS/800 Service.

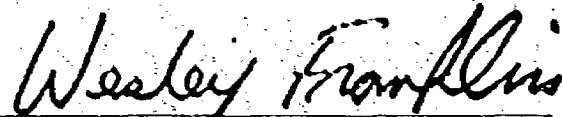
THEREFORE, IT IS ORDERED that:

1. Pacific Bell (Pacific) is granted authority to grandfather its Wide Area Telephone Service (WATS) and its 2-Way WATS/800 Service effective on November 27, 1996. Pacific is also granted authority to withdraw these two services effective February 28, 1997. Installation charges shall be waived for existing WATS and 2-WAY WATS/800 Service customers that choose to replace these services with a new business line and a discount calling plan.
2. Pacific shall notify its existing WATS and 2-Way WATS/800 customers of the grandfathering and future withdrawal of these services. Such notice shall offer assistance to the affected customers in choosing the most cost effective alternative discount plan.
3. Pacific Bell's Advice Letter No. 18345 as supplemented is effective on November 27, 1996.

4. The protests to Advice Letter No. 18345 are denied.
5. The Advice Letter and tariff sheets shall be marked to show that they were authorized by Resolution T-15952.

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 November 26, 1996. The following Commissioners approved it:



WESLEY M. FRANKLIN
Executive Director

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

HENRY M. DUQUE, being necessarily absent, did not participate.