

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Commission Advisory and Compliance Division RESOLUTION T-15955  
Telecommunications Branch September 4, 1996

R E S O L U T I O N

RESOLUTION T-15955. ROSEVILLE TELEPHONE COMPANY.  
(U-1015-C). REQUEST TO ESTABLISH AND IMPLEMENT A  
PROMOTIONAL CAMPAIGN TARIFF SCHEDULE, NO. A47.

BY ADVICE LETTER NO. 366, FILED ON JUNE 20, 1996.

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SUMMARY

This Resolution authorizes Roseville Telephone Company (Roseville) to file advice letters with this Commission to specify new or optional services that will be offered during a promotional period with waived or discounted tariffed non-recurring charges. Recurring charges may be waived only after Roseville is granted flexible pricing authority in its New Regulatory Framework. The services promoted will be those that result from new or upgraded utility serving facilities or territory-wide offerings of new or existing optional services. Any promotion must be offered to all classes of customers to whom the promoted service is available. A promotion cannot be provided in tandem with market trials or technology tests. The duration of each promotional period shall not exceed 120 days.

BACKGROUND

Currently, when Roseville offers a new or optional service, subscribers are charged the full tariffed rates and charges and are not allowed to subscribe to the service on a reduced-cost trial basis. Section X of General Order 96-A requires utilities to "first obtain the authorization of the Commission to carry out the terms of ... any contract or deviation for the furnishing of public utility service at rates or under conditions other than the rates and conditions contained in its tariff schedules on file and in effect at the time."

In Advice Letter No. 366, filed June 20, 1996, Roseville requests authorization to introduce a tariff allowing it to offer selected network and exchange optional services at waived or reduced non-recurring and recurring tariff charges.

Roseville proposes the following special conditions (Section 47.3):

- A) All services approved by five day Advice Letter filings and listed in Special Condition (J) following, may be offered during a promotional period.
- B) Promotional campaigns, listed in Special Condition (J) following, are subject to all Rules and Regulations in the Utility's tariff schedules.
- C) Campaigns in Special Condition (J) following, shall be offered within the promotional structure listed above in 47.2, "Rates".
- D) The promotional campaign duration shall not exceed 120 days per offering. All new promotions will be approved on five day's notice by Advice Letter filings which shall include, but not be limited to :
  - 1) Service Selection
  - 2) Non-recurring Charges
  - 3) Promotion Area
  - 4) Duration
  - 5) Customer Notification Plan

The Utility will notify the CPUC by submitting a five day memorandum notice of all repeat or extended promotions. (Repeat promotions may include minor changes.) The authorization for repeat or extended promotions will be limited to 120 days. No promotion, whether repeated or extended, will last for more than 240 consecutive days.

The Utility will wait 60 days after a promotion campaign has run for 240 consecutive days before submitting an Advice Letter filing to offer the same promotion again.

- E) The promotional pricing of services shall be subject to and offered only where facilities and operating conditions permit.
- F) The promotional campaign offerings shall be limited to serving central offices where facilities and operating conditions permit.
- G) The method of customer notification of the promotional campaign is at the option of the Utility.
- H) During the promotional period, the customer will be fully informed of all terms and conditions of the promotional offering. The Utility will contact the customer regarding retention or discontinuance of the service prior to the end of their promotional period in cases where recurring charges have been discounted. This contact will advise customers that if they wish to retain the promotional service the monthly recurring charge will increase to the applicable tariffed rate. If customers wish to discontinue the service they must contact the Utility's Business Office to do so.

Minimum billing as set forth in Schedule Cal.P.U.C No. A2., Rule No. 9, is applicable to a promotional offering.

- I) Third Party Promotions - From time to time, third parties may participate in a promotion conducted by the Utility by offering certain merchandise at their discretion. The Utility may include the third party offers in advertising material sent to customers.
- J) Promotional campaigns include the following -
  - 1) Promotional offering to extend to Roseville's residential and business customers to waive service ordering and line connection charges associated with the provisioning of an additional access line(s). This offering is not applicable to Universal Lifeline Telephone Service (ULTS) customers. This offering will extend from September 1, 1996 through November 9, 1996.
  - 2) Promotional offering to extend to Roseville's residential and business customers to waive service order, line connection and set-up charges associated with the provisioning of Integrated (ISDN) services. This offering will extend from September 1, through November 9, 1996.

Roseville proposes the following rates (Section 47.2):

Service/feature introductions as a result of new or upgraded central office capability and for offerings of new or existing optional service will be made under one of the following promotional structures.

- A) Non-recurring charges shall be discounted or not applicable during the promotional period.
- B) Recurring rates shall be discounted during the promotional period.
- C) Non-recurring charges and recurring rates may be waived or discounted when promotions are conducted in conjunction with third party.

#### NOTICE/PROTESTS

Notice of Advice Letter No. 366 was published in the Commission Daily Calendar of June 26, 1996. No protests have been received.

#### DISCUSSION

Many small local exchange telephone companies have requested and been granted promotional pricing authority (see for example, Evans Telephone Company Advice Letter No. 200, Resolution No. T-14394, June 5, 1991). This authority permits the telephone

company to specify optional services that will be offered during a promotional period with waived or discounted tariffed non-recurring charges. The services promoted will be those that result from new or upgraded utility serving facilities or territory-wide offerings of new or existing optional services.

In the present Advice Letter, No. 366, Roseville seeks to waive non-recurring charges for the establishment of an additional residential or business access line. In Resolution T-15552 (Advice Letter No. 16935 of Pacific Bell) we noted that access lines are not optional services, but we found it reasonable for a telephone company to reduce non-recurring charges for establishment of a second access line during a promotion. Accordingly, we will grant Roseville authority to waive non-recurring charges for ordering a second access line during its promotions; waiving recurring charges for access lines, however, is not appropriate.

As for waiving recurring charges for optional services, we have approved this practice only for telephone companies that have received flexible pricing authority under the New Regulatory Framework (NRF). Although Roseville has applied for flexible pricing authority under the NRF, final approval is still pending. Accordingly, we will require Roseville to delete its request for waiving recurring charges for optional services at this time.

In addition, as we noted in Resolution No. T-14394, market trials and technology tests should continue to require separate evaluation and authorization as currently required, and should not be included in promotional programs. In considering whether a "service" is appropriate for promotion, we should consider the definition of "new service" we adopted in D.87-07-017, D.88-12-091, and D.90-11-029. We adopted this definition with the qualifier that "repricing or repackaging of an existing service would not be considered a 'new service'" and observed that "the definition does not classify an optional calling plan which discounts existing service as a 'new service'". (Findings 7, 8, and 9).

#### FINDINGS

1. A second residential or business access line is not an optional service.
2. Roseville's request to waive non-recurring charges for the establishment of a second access line during a promotion is reasonable.
3. Roseville's request to waive non-recurring charges for establishment of optional services during a promotion is reasonable.
4. Roseville's request to waive recurring charges for optional services during a promotion should not be granted until it receives flexible pricing authority under the New Regulatory Framework.

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5. Roseville should delete any reference to waiving recurring rates during promotions from its tariffs.
6. Rosevilles' promotions should adhere to Findings 7, 8, and 9 of Resolution No. T-14394.

THHEREFORE, IT IS ORDERED that:

1. Roseville Telephone Company shall file a supplemental advice letter deleting all references to waiving recurring charges from any service offered under promotion in its Advice Letter No. 366.
2. Roseville Telephone Company shall revise the effective dates of its promotional campaigns in Special Condition J of Section 43.7 of Schedule Cal.P.U.C. No. A47 to be consistent with the authority granted in this Resolution.
3. Roseville Telephone Company's Advice Letter No. 366, as supplemented by the advice letter filing required by Ordering Paragraph No. 1 above, shall become effective on not less than five days notice.
4. Advice Letter No. 366 and supplement of Roseville Telephone Company and all accompanying tariff sheets shall be marked to show that they were authorized by California Public Utilities Commission Resolution No. T-15955 and its effective date.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on September 4, 1996. The following Commissioners approved it:

*Wesley Franklin*

WESLEY M. FRANKLIN  
Executive Director

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

President P. Gregory Conlon,  
being necessarily absent, did not  
participate.