

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division

RESOLUTION T-15973
November 26, 1996

R E S O L U T I O N

RESOLUTION T-15973. HAPPY VALLEY TELEPHONE COMPANY (HAPPY VALLEY). (U-1010-C). REQUEST TO OFFER PUBLIC SCHOOLS AND LIBRARIES A WAIVER OF INSTALLATION CHARGES, MONTHLY RATES AND USAGE CHARGES FOR ONE YEAR FOR SPECIFIC SERVICES SUPPORTING EDUCATIONAL DATA AND VIDEO APPLICATIONS (EDUCATION CORNERSTONE PROGRAM).

BY ADVICE LETTER NO. 170, FILED ON SEPTEMBER 16, 1996 AND SUPPLEMENTAL ADVICE LETTER NO. 170A, FILED ON NOVEMBER 4, 1996.

SUMMARY

This resolution authorizes Happy Valley to offer, under specified conditions, its proposed Education Cornerstone program to public schools and libraries which are technically equipped for Integrated Services Digital Network (ISDN) Service. This service will be used by participants to transmit and receive data at high speeds. Typical uses include on-line services and telecomputing. One public school will enroll in the program now; five may enroll later. There are no private schools served by Happy Valley. (Although there is presently no public library in Happy Valley's service area, it wishes to include libraries in its offering should there be libraries built in the future.) Happy Valley proposes to waive usage rates and charges for one year; thereafter Happy Valley proposes to charge participants the prevailing tariff rates and charges. Concerning program accounting, all waived expenses and revenues will receive below the line accounting treatment. Happy Valley shareholders will also offer participants a rebate of up to \$500 on specified equipment; the rebate will be treated the same as the other waived revenues and costs.

Happy Valley's proposed notice on its Education Cornerstone program satisfies the customer safeguards required by the Commission for other utilities. It specifies participants' rights and responsibilities in the program. It describes the offered services, the waived rates and charges as well as their right to withdraw at any time from the program. Happy Valley is also required to notify applicants of existing usage rates and

charges as the upward bound or worst case scenario of financial responsibility after the discount period ends.

BACKGROUND

By Advice Letter No. 170, filed September 16, 1996, Happy Valley filed to revise Schedule Cal. P.U.C. Nos. A - 1, Individual and Party Line Service; No. A-17, Multi-Element Service Charges and No. A-29, Integrated Services Digital Network (ISDN) Service. Supplemental Advice Letter No. 170A, filed on November 4, 1996, amended its proposed tariff sheets to include the statement that participants could quit the program at any time and also to mention the offer of the \$500 dollar rebate and its accounting treatment. These advice letters were filed in order to request authority to offer its Education Cornerstone Program to up to 5 public schools and public libraries.

Estimated incurred expenses and waived revenues are not expected to exceed \$789.85 for each school. Happy Valley requests a resolution authorizing its proposal to waive its installation charges, monthly rates and usage charges for the following services:

- One business individual access line
- Multi-element service charges for one Integrated Services Digital Network (ISDN) line
- ISDN rates for one ISDN line

Happy Valley's advice letter lists the following special conditions associated with this program:

1. Additional ISDN lines and features ordered by each public school or library will be billed from rates from schedules A-29, A-1 and A-17.
2. The public school(s) and library(ies) must be technically equipped to be served by ISDN service and the Utility must have the central office switching capacity and available outside plant facilities to serve that location.
3. The waiver of rates and charges shall begin on the date of installation of the one free ISDN line and conclude twelve months from that date at which time the customer may elect to disconnect without penalties or continue the service at the prevailing rates and charges. The customer will be informed at the time of the installation what the tariff rates and charges would be, including the status of implementation of discount rates required by the Telecommunications Act.

Regarding accounting treatment, Happy Valley will use account number 7370 - Special Charges - for identification of all costs and waived revenues. This is a nonoperating account used for regulatory exclusion so that the ratepayers will not subsidize this program. Happy Valley will not seek compensation from the Commission to recover these waived revenues and expenses. Happy

Valley proposes to send a report to the Commission at the end of the waiver period which will detail waived revenue and expenses.

NOTICE/PROTESTS

Happy Valley has mailed a copy of Advice Letter No. 170 and Supplemental Advice Letter No. 170A and the related tariff sheets to competing and adjacent utilities. The Advice Letters were listed in the Commission's Daily Calendar of September 20, 1996 and November 6, 1996, respectively. No protests or comments were filed in conjunction with the advice letters.

DISCUSSION

Happy Valley's proposed program satisfies the Commission's customer safeguards and other requirements adopted in programs approved for other utilities. Happy Valley's draft promotional notice, however, includes language about years two through five which are inconsistent with its advice letters, which request a one year program. Happy Valley has agreed to remove this language from its notice and to send the Commission a copy of this revision. When the requirement for discount rates included in the Telecommunications Act are implemented Happy Valley will be notified of its obligation.

Regarding monitoring reports, Happy Valley proposes to report the waived expenses and revenues to the Division at the end of the waiver. As Happy Valley chooses not to establish a finite date when the Education Cornerstone program will begin and end, Happy Valley should be required to provide reports on a yearly basis.

FINDINGS

1. Happy Valley filed Advice Letter No. 170, supplemented by Advice Letter No. 170A, requesting a Commission resolution to authorize it to provide its Education Cornerstone program to public schools and libraries.
2. Happy Valley requests authority to waive installation charges, monthly rates and usage charges for a period of one year for the specific services being offered to eligible participants.
3. Happy Valley estimates that waived charges and revenues associated with its program will not exceed \$789.85 for each participant.
4. Happy Valley will not seek compensation to recover the Education Cornerstone expenses or revenues.
5. Happy Valley intends to provide below the line accounting treatment for its Education Cornerstone program.
6. Happy Valley should be required to provide annual monitoring reports to the Division which will detail accumulated waived

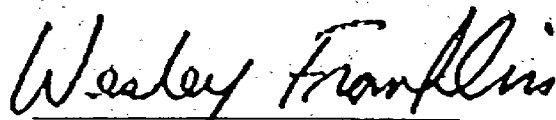
expenses and revenues associated with its Education Cornerstone program.

7. Happy Valley should be required to send the Division a copy of its revised promotional notice which shows that the language about years two through five has been eliminated.

THEREFORE, IT IS ORDERED that:

1. Happy Valley Telephone Company (Happy Valley) is authorized to implement its Education Cornerstone program, subject to the following conditions:
 - a. Happy Valley shall submit to the Telecommunications Division (Division) its proposed introductory materials associated with this program.
 - b. Happy Valley shall submit annual monitoring reports on the waived expenses and revenues, beginning at the end of the waived year of the first participant.
2. Happy Valley shall not recover any expenses or waived revenues associated with its Education Cornerstone program.
3. This resolution is effective today.

I hereby 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.