

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division  
Carrier Branch

RESOLUTION T-16053  
August 1, 1997

R E S O L U T I O N

RESOLUTION T-16053. PACIFIC BELL (U-1001-C). REQUEST TO WITHDRAW THE AGGREGATION COMPONENT, BILLING ACCOUNT GROUP (BAG), OF BILLED TELEPHONE NUMBER (BTN) VOLUME DISCOUNTS FOR THE VALUE PROMISE TARIFF TO NEW CUSTOMERS AND TO LIMIT THAT COMPONENT TO EXISTING CUSTOMERS.

BY ADVICE LETTER NO. 18494 FILED ON SEPTEMBER 23, 1996, AS SUPPLEMENTED BY ADVICE LETTER NO. 18494A, FILED ON OCTOBER 18, 1996, ADVICE LETTER NO. 18494B, FILED ON MAY 22, 1997, AND ADVICE LETTER NO. 18494C, FILED ON JUNE 16, 1997.

SUMMARY

This Resolution authorizes Pacific Bell (Pacific) to limit the aggregation component, using Billing Account Groups (BAGs), for Billed Telephone Number (BTN) volume discounts of its Value Promise (VP) tariff (Schedule Cal. P.U.C. No. A6.5) to existing customers (i.e. to maintain that component as a Frozen/Grandfathered Service). Furthermore, changes in the BAG are not permitted, as detailed in the background discussion below. An alternative service, Value Promise Plus (VPP), is available and provides an aggregation component.

BACKGROUND

The VP tariff is applicable to business accounts and provides volume discounts for Message Toll Service (MTS) and (Pacific's) Calling Card Services. MTS (also called Local Toll) refers to IntraLATA calls exclusive of Local, EAS (Extended Area Service) and ZUM (Zone Usage Measurement) calls. The VP tariff does not apply to residence or Centrex dormitory lines. The basic VP tariff provides a 20% discount on billed amounts over \$15.

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There are two optional calling plans providing volume discounts within the VP tariff viz.: Advantage 50 and Advantage 1000. The former provides a discount to an individual BTN of 30% for billed amounts up to \$300 and 35% for amounts above \$300; the latter provides graduated discounts up to 50%. An additional discount was offered to individual BTN accounts which had been aggregated into a Billing Account Group (BAG), e.g. an association of realtors. This BAG related discount was 5% when the BAG usage exceeded \$2,500 and 10% when the BAG usage exceeded \$7,500. This BAG related discount appears to be ambiguous in specifying an individual BTN volume discount when the BAG volume thresholds are met. Moreover the BAGs are difficult to administer. There are a small number of such BAG accounts, but essentially no current interest.

Many of the individual BTN customers might benefit by availing themselves of the Value Promise Plus (VPP) tariff which adds Pacific's Custom 800 inbound calls to the usage which can be discounted. The VPP discounts range from 20% to 30% for billed usage from \$150 to \$ 1,800; customers can receive additional discounts, up to 50 %, with the various term options (terms up to 24 months).

This advice letter proposes to freeze the BAG discounts; no new customers would be accepted and customers would not be permitted to add additional Billed Telephone Numbers (BTNs) to existing BAGs or additional Working Telephone Numbers (WTNs) to BTNs that are part of an existing BAG. It is anticipated that some members of BAG accounts will switch to the VPP tariff and some of the BAG accounts will be eliminated. Pacific would benefit by having a simpler structure for these competitive (Category 2) tariffs, and indeed Pacific estimates that a Revenue increase of about \$2,088 will result from grandfathering the BAG discounts.

The Telecommunications Division concludes that the Advice Letter, as supplemented, meets the requirements set forth in Commission Orders and G.O. 96-A and recommends that this filing be approved.

#### NOTICE/PROTESTS

Pacific states that copies of the Advice Letter No. 18494, Supplemental Advice Letter Nos. 18494A, 18494B and 18494C, and related tariff sheets were mailed to competing and adjacent utilities and/or other utilities, and to interested parties. The Supplements were added to correct various ambiguities in the examples for the BAG accounts which Pacific proposes to

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grandfather (freeze). Notice of Advice Letter No. 18494 was published in the Commission Daily Calendar of September 26, 1996. No protests to this Advice Letter have been received.

#### DISCUSSION

We agree with the Telecommunications Division's recommendation that this Advice Letter be approved to simplify the administration of Pacific's Value Promise tariff and to resolve its ambiguous provisions. Commission approval is based on the specifics of the Advice Letter and the associated tariffs, and does not establish a precedent for the contents of future filings or for Commission approval of similar requests.

#### FINDINGS

1. It is reasonable to permit Pacific to limit its BTN aggregation volume discount for BAG accounts to existing customers.
2. Individual BTN accounts may benefit by switching from the Value Promise tariff to the Value Promise Plus tariff.
3. BTN customers can still obtain a single consolidated Invoiced Account (Summary Billing Arrangement) for all their BTNs, and enjoy the Volume Discounts of the Value Promise Plus tariff.

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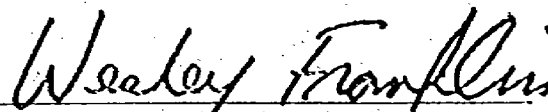
**THEREFORE, IT IS ORDERED that:**

1. Advice Letter No. 18494, as supplemented by Advice Letter Nos. 18494A, 18494B and 18494C, of Pacific Bell is made effective immediately.

2. Pacific Bell's Advice Letter No. 18494, as supplemented by Advice Letter Nos. 18494A, 18494B and 18494C, and the accompanying tariff sheets should be marked to indicate that they were authorized by California Public Utilities Commission Resolution No. 16053 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 August 1, 1997. The following Commissioners approved it:



WESLEY M. FRANKLIN  
Executive Director

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