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PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division
Carrier Branch*

RESOLUTION T-16870
January 27, 2005

R E S O L U T I O N

Resolution T-16870. Verizon California Inc. (U-1002-C). Request for grandfathering of custom calling services in Schedule Cal. P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service.

By Advice Letter No. 10925, filed on July 26, 2004.

Summary

By Advice Letter (AL) No. 10925, filed on July 26, 2004, Verizon California Inc. (Verizon) requests authority for grandfathering of custom calling services in Schedule Cal. P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service.

This resolution approves Verizon's request in AL No. 10925 for the services indicated below. Verizon indicates that there will be no rate increases for its existing customers as a result of grandfathering the following services:

Do Not Disturb
Call Block
Priority Call (as a package component)
Smart Call Pak 4400
Smart Call Pak 4900
Smarter Call Pak
Smartest Call Pak
Verizon Local and Toll Package
Verizon Advantage Pack
Flexible Packing
Two Feature Packages:

Complete Call Forwarding Package + Call Waiting
Call Waiting and Three Way Calling
Call Waiting and Speed Dialing 8

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Three Feature Packages:

Complete Call Forwarding Package + Call Waiting and Three Way Calling

Complete Call Forwarding Package + Call Waiting and Speed 8 Call Waiting, Three Way Calling and Speed Calling 8

Background

By AL No. 10925, filed on July 26, 2004, Verizon requests authority to grandfather custom calling services as shown on page 1 and page 2 of this resolution.

Do Not Disturb is a custom calling service that allows customers to select up to 12 telephone numbers from which calls are to be received. All calls from other telephone numbers are blocked. Do Not Disturb is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Caller ID¹ service is an alternative to the stand-alone Do Not Disturb service. Anonymous Call Block is included with Caller ID at no additional cost.

Call Block is a custom calling service that allows customers to block incoming calls from a maximum of 12 telephone numbers. Call Block is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Caller ID is an alternative to the stand-alone Call Block service. Anonymous Call Block is included with Caller ID at no additional cost.

Priority Call is a custom calling service that allows customers to program up to 12 numbers of selected callers enabling the customer to distinguish certain calls from others by a distinctive ring tone. Priority Call is offered as a stand-alone feature and as a component in several Verizon calling packages. Caller ID is an alternative to the stand-alone Call Block service. Anonymous Call Block is included with Caller ID at no additional cost.

Smart Call Pak 4400 is a calling plan that includes the following custom calling feature: Busy Redial, *69², Call Block, Call Waiting, and Distinctive Ring.

¹ Caller ID provides for the display of an incoming name and telephone number on a customer provided display device attached to the customer's telephone line or on a telephone or answering machine with a built-in display screen.

² *69 allows a customer to automatically return the last incoming call whether it is answered or not. Upon activation of this feature, the number of the most recent party who called will be automatically dialed.

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Verizon offers several alternative calling plans such as Local Package³, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4400 services at a competitive monthly rate.

Smart Call Pak 4900 is a calling service that includes the following custom calling features: Priority Call, Cancel Call Waiting, Call Forwarding, Three-Way Calling, Speed Dialing 8 Code, and Distinctive Ring. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4900 services at a competitive monthly rate.

Smarter Call Pak is a calling service that includes the following custom calling features: Call Waiting, Call Forwarding, and Three-Way Calling plus a choice of a Speed Dialing service. **Smartest Call Pak** includes all the features in Smarter Call Pak plus Cancel Call Waiting, Busy Number Redial, Last Number Redial, Saved Number plus a choice of a Speed Dialing service. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate.

Verizon Local and Toll Package is a calling service that includes local exchange service, option calling features, unlimited zone usage, and 300 minutes of IntraLATA toll. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Verizon Local and Toll Package at a competitive monthly rate. Customers who subscribe to a Local Package calling service are eligible for the Verizon Five Cents Plan. The Verizon Five Cents Plan is an IntraLATA calling plan that offers IntraLATA calling for \$0.05 per minute 24 hours per day, seven days per week.

Verizon Advantage Pack offers business customers up to 15% off Voice Messaging services when they subscribe to selected services. Verizon offers an alternative calling service such as Unlimited Local and Toll Usage for Business Feature Package Two. Unlimited Local and Toll Usage for Business Feature

³ Customers who subscribe to Verizon Local Package may choose up to three of the following features: Call Waiting/Cancel Call Waiting, Three-Way Calling, Distinctive Ring, Busy Redial, *69, Priority Call, Speed Dialing 8, Flexible Call Forwarding, Anonymous Call Block, Call Block, Do Not Disturb, Select Call Forwarding, Caller ID, Speed Dialing 30. Verizon Local Package also includes unlimited Zone Usage Measurement service at no additional charge.

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Package Two is a month-to-month feature package available to business customers who subscribe to Unlimited Local and Toll Usage for Business.

Flexible Packaging is a residential service that offers a 40% discount off the rates of Custom Calling Service Features provided the customer orders four or more features on the same account. Features such as Three Way Calling, Call Waiting and Cancel Call Waiting are included as part of the Flexible Package offer. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Flexible Packaging service at a competitive monthly rate.

Two Feature Packages provide Call Waiting plus another custom calling service at a flat monthly rate. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Two Feature Package services at a competitive monthly rate.

Three Feature Packages provide Call Waiting plus two additional custom calling services at a flat monthly rate. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Three Feature Package at a competitive monthly rate.

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Existing Customer Calling Services	Price	Grandfathered Calling Features	Alternative Service Name	Price	Calling Features
Do Not Disturb	\$2.50	Allows Customers to select up to 12 telephone numbers from which calls are to be received	Caller ID	\$7.95	Forwards the calling name and numbers to customers
Call Blocks	\$3.00	Allows Customers to block incoming calls up to 12 telephone numbers	Caller ID	\$7.95	Forwards the calling name and numbers to customers
Priority Call	\$3.00	Allows Customers to program up to 12 numbers of selected callers by distinctive ring tone.	Caller ID	\$7.95	Forwards the calling name and numbers to customers
Smart Call Pak 4400	\$8.75	Busy Redial, *69, Call Block, Call Waiting, and Distinctive Ring	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smart Call Pak 4900	\$13.25	Priority Call, Cancel Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial 8 Code, Distinctive Ring	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smarter Call Pak	\$4.25	Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial Services	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Smartest Call Pak	\$7.00	Call Waiting, Call Forwarding, 3-Way Calling, Speed Dial Services, Cancel Call Waiting, Busy and Last numbers redial, Saved numbers	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Verizon Advantage Pack	\$8.46	For business customers up to 15% off Voice Messaging Services	Unlimited local and Toll Usage for Bus. Feature Package Two	\$12.00	Includes Caller ID, Voice Messaging
Flexible Package	0	For residential customers up to 40% off on four or more calling features	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Two Feature Package	\$4.25	Call Waiting plus one calling feature	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features
Three Feature Package	\$4.25	Call Waiting plus two calling features	Local Package	\$30.95 to \$39.95	Combination of custom Calling and CLASS features

CLASS: Customer Local Area Signaling Services

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Verizon states that to grandfather its outdated, unpopular, and non-competitive services is enable Verizon to offer the more flexible, technologically advanced and competitive services for customers demand.

Notice/Protests

Verizon states that copies of the Advice Letter had been mailed to adjacent utilities and/or other utilities. Notice of Advice Letter No. 10925 was published in the Commission Daily Calendar of July 30, 2004. Verizon has informed customers of these changes through a bill insert.

No protest to Advice Letter No. 10925 has been filed.

Discussion

Verizon proposes to grandfather custom calling services as shown on pages 1 and page 2 of this resolution. Verizon indicates that only a small number of its customers are currently subscribing to these features and the low subscriptions are due to the limited use of these features and the alternative features available. Verizon would like to grandfather these features to existing customers and no new customers will be permitted.

Do Not Disturb is a custom calling service that allows customers to select up to 12 telephone numbers from which calls are to be received. All calls from other telephone numbers are blocked. Do Not Disturb is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Do Not Disturb is offered at \$2.50 per month. Caller ID service is an alternative to the stand-alone Do Not Disturb service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Call Block is a custom calling service that allows customers to block incoming calls from a maximum of 12 telephone numbers. Call Block is offered as a stand-alone feature and as a component in several of Verizon's calling packages. Call Block is offered at \$3.00 per month. Caller ID is an alternative to the stand-alone Call Block service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Priority Call is a custom calling service that allows customers to program up to 12 numbers of selected callers enabling the customer to distinguish certain calls from others by a distinctive ring tone. Priority Call is offered as a stand-alone feature and as a component in several Verizon calling packages. Priority Call is offered at \$3.00 per month. Caller ID is an alternative to the stand-alone Priority

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Call service. Anonymous Call Block is included with Caller ID at no additional cost. Caller ID is offered at \$7.95 per month.

Smart Call Pak 4400 is a calling plan that includes the following custom calling feature: Busy Redial, *69, Call Block, Call Waiting, and Distinctive Ring. Smart Call Pak 4400 is offered at \$8.75 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4400 services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Smart Call Pak 4900 is a calling service that includes the following custom calling features: Priority Call, Cancel Call Waiting, Call Forwarding, Three-Way Calling, Speed Dialing 8 Code, and Distinctive Ring. Smart Call Pak 4900 is offered at \$13.25 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smart Call Pak 4900 services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Smarter Call Pak is a calling service that includes the following custom calling features: Call Waiting, Call Forwarding, and Three-Way Calling plus a choice of a Speed Dialing service. Smarter Call Pak is offered at \$4.25 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

Smartest Call Pak is a calling service that includes all the features in Smarter Call Pak plus Cancel Call Waiting, Busy Number Redial, Last Number Redial, Saved Number plus a choice of a Speed Dialing service. Smartest Call Pak is offered at \$7.00 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Smarter Call Pak services at a competitive monthly rate. The Local Package suite of calling plans is offered at rates ranging from \$30.95 per month to \$39.95 per month.

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Verizon Local and Toll Package is a calling service that includes local exchange service, option calling features, unlimited zone usage, and 300 minutes of IntraLATA toll. Local and Toll Package is offered at \$49.95 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Verizon Local and Toll Package at a competitive monthly rate. Customers who subscribe to a Local Package calling service are eligible for the Verizon Five Cents Plan. The Verizon Five Cents Plan is an IntraLATA calling plan that offers IntraLATA calling for \$0.05 per minute 24 hours per day, seven days per week. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Verizon Advantage Pack offers business customers up to 15% off Voice Messaging services when they subscribe to selected services. Verizon Advantage Pack start as low as \$8.46 per month depending on type or service and term period selected. Verizon offers an alternative calling service such as Unlimited Local and Toll Usage for Business Feature Package Two. Unlimited Local and Toll Usage for Business Feature Package Two is a month-to-month feature package available to business customers who subscribe to Unlimited Local and Toll Usage for Business. Unlimited Local and Toll Usage for Business Feature Package Two include Caller ID and Voice Messaging for \$12.00 per month.

Flexible Packaging is a residential service that offers a 40% discount off the rates of Custom Calling Service Features provided the customer orders four or more features on the same account. Features such as Three Way Calling, Call Waiting and Cancel Call Waiting are included as part of the Flexible Package offer. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Flexible Packaging service at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Two Feature Packages provide Call Waiting plus another custom calling service at a flat monthly rate. Two Feature Packages is offered at \$4.25 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Two Feature Package services at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

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Three Feature Packages provide Call Waiting plus two additional custom calling services at a flat monthly rate. Three Feature Packages is offered at \$4.25 per month. Verizon offers several alternative calling plans such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling plans offers residential exchange service and a combination of Custom Calling features similar to Three Feature Package at a competitive monthly rate. The Local Package suite of calling plans is offer at rates ranging from \$30.95 per month to \$39.95 per month.

Telecommunications Division (TD) has received customers' comments urging the Commission not to grant Verizon's AL No. 10925 filing. TD has included these comments for consideration in making its recommendations.

TD has reviewed Verizon's AL No. 10925, and obtained more information through a data request regarding custom calling services. TD finds that there are large numbers of customers using the current calling services as identified in following Group A:

- A) Do Not Disturb
- Call Block
- Priority Call (as a package component)
- Smarter Call Pak
- Verizon Local and Toll Package
- Verizon Advantage Pack

Also, there are small numbers of customers using the current calling services as identified in following Group B:

- B) Smart Call Pak 4400
- Smart Call Pak 4900
- Smartest Call Pak
- Flexible Packing
- Two Feature Packages:
 - Complete Call Forwarding Package + Call Waiting
 - Call Waiting and Three Way Calling
 - Call Waiting and Speed Dialing 8
- Three Feature Packages:
 - Complete Call Forwarding Package + Call Waiting and Three Way Calling
 - Complete Call Forwarding Package + Call Waiting and Speed 8
 - Call Waiting, Three Way Calling and Speed Calling 8

On January 10, 2005, Verizon provided TD the later information for calling features as identified in Group A. This later information indicates the percentage of subscribers to

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the Group A services on a stand-alone basis for DO Not Disturb, Call Block and Priority Call has declined substantially over the past year. The percentage of subscribers for Smarter Call Pak, Verizon Local and Toll Package and Verizon Advantage Pack has also declined.

Do Not Disturb (stand-alone) - Only 3% of in-service units are purchased on a stand-alone basis. Percentage decline 29% (from April, 2004, to November, 2004).

Call Block (stand-alone) - Only 11% of in-service units are purchased on a stand-alone basis. Percentage decline 24% (from April, 2004, to November, 2004).

Priority Calling (stand-alone) - Only 3% of in-service units are purchased on a stand-alone basis. Percentage decline 29% (from April, 2004, to November, 2004).

Smarter Call Pak - is a calling service package that includes Call Waiting, Call Forwarding, and Three-way calling plus a choice of Speed Dialing Service. Percentage decline 27% (from December, 2003, to November, 2004).

Verizon Local and Toll Package - is a calling service package that includes local exchange service, a choice of optional calling feature, unlimited ZUM and 300 minutes of IntraLATA toll. Percentage decline 36% (from April, 2004, to November, 2004).

Advantage Pak - is a calling package that offers business customers up to 15% off Voice Messaging services when they subscribe to other features on the same account. Advantage Pak starts \$8.46 per month depending on type of service and term period selected. Unlimited Local and Toll Usage for Business Feature Package Two include Caller ID and Voice Messaging for \$12.00 per month. Business Feature Package Two was introduced in July 2004. Business customers who choose Business Feature Package Two will save money and the demand for Advantage Pak is expected to decline.

TD has reviewed the later information regarding custom calling services. TD concludes that Verizon's request for grandfathering of custom calling services in Schedule Cal. C.P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service is just and reasonable because of the large decline in numbers of customers for the services being proposed by Verizon to be grandfathered. TD recommends that the Commission approve this filing.

Approval should be based on the specifics of this AL filing and does not establish a precedent for the contents of future filings for Commission approval of similar requests.

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Comments

In compliance with PU Code § 311 (g), a notice letter was e-mailed or mailed on December 23, 2004 to the interested parties, and informing these parties that this draft resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, the Telecommunications Division (TD) informed these parties of the availability of the conformed resolution at the same website.

TD received no written comments on this draft resolution, but received oral comments from Verizon including updated information on the number of subscribers to certain calling services. Based on this later data, TD believes that it is appropriate for the Commission approve Verizon's request to grandfather the services identified on pages 1 and 2 of this resolution. By reducing the number of low-demand calling services, Verizon will be in a better position to offer the more flexible and competitive services to its customers.

Findings

1. Verizon filed Advice Letter No. 10925 on July 26, 2004, requesting Commission authorization to grandfather the following custom calling services:

- Do Not Disturb
- Call Block
- Priority Call (as a package component)
- Smart Call Pak 4400
- Smart Call Pak 4900
- Smarter Call Pak
- Smartest Call Pak
- Verizon Local and Toll Package
- Verizon Advantage Pack
- Flexible Packing

Two Feature Packages:

- Complete Call Forwarding Package + Call Waiting
- Call Waiting and Three Way Calling
- Call Waiting and Speed Dialing 8

Three Feature Packages:

- Complete Call Forwarding Package + Call Waiting and Three Way Calling
- Complete Call Forwarding Package + Call Waiting and Speed 8
- Call Waiting, Three Way Calling and Speed Calling 8

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2. Verizon offers alternative package as a substitute for the above services in Finding No. 1.
3. Customers who currently subscribe to the above services have received notification via bill insert of the proposed changes.
4. There will be no increase in rates to existing Verizon customers who currently subscribe to the services described in this resolution as a result of Verizon's proposed grandfathering.
5. TD has received customers' comments urging the Commission not to grant Verizon's AL No. 10925 filing.
6. On January 10, 2005, Verizon provided TD the later information regarding the number of customers, on a stand-alone basis, for certain custom calling services.
7. Verizon's request for grandfathering of custom calling services in Schedule Cal. C.P.U.C. No. A-40, Custom Calling Service; Schedule Cal. P.U.C. No. K-1, Competitive Services; and Schedule Cal. P.U.C. No. K-5, Resale Service is just and reasonable and should be granted.

THEREFORE, IT IS ORDERED that:

1. Verizon is authorized to grandfather the custom calling services identified in Finding No. 1.
2. Authority is granted to make AL No. 10925 and the associated tariff sheets effective March 21, 2005.
3. AL No. 10925 and accompanying tariff sheets shall be marked to show that they were authorized by Resolution T-16870.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the California Public Utilities Commission at its regular meeting on January 27, 2005. The following Commissioners approved it.

STEVE LARSON
Executive Director