

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**Telecommunications Division
Carrier Branch**

**RESOLUTION T-16903
May 26, 2005**

R E S O L U T I O N

Resolution T-16903. Verizon California, Inc. (U-1002-C). Request To Grandfather Caller Id - Number Only, Call Waiting, Cancel Call Waiting, In Contact, In Contact Package, Smart Ring With Paks In Schedule Cal P.U.C. No. A-40; Custom Calling Service; and Cal P.U.C. No. K-5.

By Advice Letter Nos. 10926, 10926-A, 10926-B, Filed On July 26, 2004, August 20, 2004, March 2, 2005, Respectively.

Summary

This resolution approves Verizon's California, Inc. (Verizon) request in Advice Letter (AL) Nos. 10926, 10926-A, and 10926-B; request for authority to grandfather; a) Caller ID - Number Only, b) Call Waiting, c) Cancel Waiting, d) In Contact, e) In Contact Package, f) Smart Ring With Paks in Schedule Cal. P.U.C. A-40, Custom Calling Service; and Schedule Cal. P.U.C. K-5. Verizon indicates that there will be no rate increases for its existing customers as a result of grandfathering the above services.

Background

By AL Numbers 10926, AL 10926-A and AL 10926-B; Verizon requests authority to grandfather the custom calling services listed above. These services are applicable to both business and residential customers.

Caller ID - Number Only

Caller ID - Number Only is a custom calling service that provides for the display of an incoming telephone number on a customer provided display device. Customer who currently subscribe to Caller ID - Number Only must purchase a Customer Premise

DRAFT

Equipment (CPE) Caller ID display box ¹ to display an incoming telephone number if available. Caller ID – Number Only is offered as a stand-alone feature and as a component of several Verizon calling packages. Caller ID - Number Only is a Category II service currently offered for \$7.00 per month.

Verizon will offer Caller ID² as a replacement for the Caller ID - Number Only service. From January 2004 through January 2005, the demand for Caller ID – Number Only declined by 47% over the period between December 2003 and January 2005. Caller ID is being offered at \$7.50 per month and is also available in several of Verizon's most popular calling packages.

Call Waiting and Cancel Call Waiting

Call Waiting is a customer calling service that provides a tone signal to indicate that a second call is waiting. From January 2004 through December 2004, the stand-alone units-in-service for this feature have declined by 28%.

Cancel Call Waiting is a custom calling service, which enables the customers to inhibit the operation of Call Waiting for one call. Customers who subscribe to this stand-alone feature must also subscribe to the stand-alone Call Waiting service. Call Waiting and Cancel Call Waiting is offered at \$3.50 per month and \$1.00 per month respectively. The stand-alone Call Waiting and Cancel Waiting feature is \$4.00. If the stand-alone components were purchased separately, the cost is \$4.50 or \$0.50 more per month.

Verizon intends to offer the combined service Call Waiting/Cancel Call Waiting to replace the stand-alone Call Waiting feature. Call Waiting/Cancel Call Waiting provides the same functions as Call Waiting and also enables customers to inhibit the operation of Call Waiting on a per call. At the same time, the demand for the combined Call Waiting/Cancel Waiting product has increased by 280% for the year ending in December 2004 in both residential and business market as more customers choose the combined functionality. Call Waiting/Cancel Call Waiting is offered at \$4.00 per month and is also available in several of Verizon's most popular calling packages such as Local Package Lite and Complete Call Forwarding Package.

In Contact and In Contact Package

In Contact (INC) is a custom calling service that provides customers increased options for call forwarding such as the features described in the In Contact Basic Service. (See

¹ A special Caller ID Number Only device can be purchased from Verizon at \$49.99 basic feature only. Customers may purchase similar devices from local retailers of their choice. Costs for these devices vary depending on the features.

² Caller ID provides the same functionality as Caller ID – Number Only and provides display of incoming callers' name and may include the Anonymous Call Block feature without any additional charge.

DRAFT

Appendix 1 for list of various options). These features are not stand-alone offerings, therefore, customers must subscribe to the In Contact Basic Service before the optional features may be ordered. In Contact Package is a bundle that includes basic service for business and residential customers, user schedule,³ and selective call acceptance⁴ and caller access codes.⁵ In Contact and In Contact Package are Category II services. In Contact is offered at \$9.00 per month and In Contact Package is offered at \$12.50 per month.

Verizon proposes to offer Enhanced Call Forwarding as a replacement for the In Contact feature. Enhanced Call Forwarding provides customers with the ability to forward their numbers. The customer will have the ability to change their forwarded number from any touch-tone phone via a toll-free number. The monthly rates for Enhanced Call Forwarding are \$7.00 per month with existing number⁶ and \$12.50 per month with a personal number⁷. The rates for Enhanced Call Forwarding with Call Manager⁸ are \$9.50 with existing number and \$15.00 with a personal number.

Smart Ring with Paks

Smart Ring with Paks is a custom calling service that provides two separate telephone numbers on one line, each with its own distinct ring for call differentiation. This service is offered at a monthly rate of \$3.00 when purchased with Smarter Call Pak, Smartest Call Pak, Smart Call Pak 4400, or Smart Call Pak 4900. The monthly new rates under the proposed Local Package (Smarter Call Pack, Smartest Call Pack, Smart Call Pack 4400, and Smart Call Pack 4900) vary from \$33.95 to \$42.95.

Verizon offers several alternative calling services such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling services offers residential exchange service plus a choice of Custom Calling features⁹ at a competitive monthly rate. Verizon indicated that the take rates for Smart Ring with Paks suggest

³ User schedule is a decision graph that determines the destination number to which calls to the INC number are to be routed. The routing number is based on time-of-day /day-of-week, call screening and Call Access Code criteria. A customer is able to have a maximum of two user schedules.

⁴ Selective Call Acceptance is a list of up to 20 telephone numbers that specifies which calling numbers will be allowed to terminate at the INC number when this feature is activated. Calling numbers that are not on this list will not be allowed to terminate, unless the caller has dialed a predetermined Caller Access Code.

⁵ Caller Access Code is 4 digits Personal Identification given to selected callers by the customer to allow them to override a Call Acceptance list.

⁶ Existing number is the customer's business or Centranet telephone number.

⁷ Personal number is a telephone number that does not have any actual line equipment tied to a number, a virtual number. This is a new number that is provided to the customer at initial subscription to Enhanced Call Forwarding (ECF). The customers at subscription must designate what number their calls will route to, then customers may program ECF to route their number to any location at any given time.

⁸ Call Manager includes a group of features under Enhanced Call Forwarding which enables the customers to manage their incoming and outgoing calls.

⁹ Call forwarding, Call Waiting, Speed dialing, Three Way Calling, Complete Call Forwarding, Busy Number Redial, Last Number/Redial Saved Number Redial, Cancel Call Waiting, and Distinctive Ring.

DRAFT

that their customers prefer the flexibility and pricing structure of calling services like Local Package. In addition, the services associated with Smart Ring With Paks (Smarter Call Pak, Smartest Call Pak, Smart Call Pak 4400 and Smart Call Pak 4900) are being considered for grandfathering as part of Verizon's standardization effort. The Local Package suite of calling plan is offered at rates, ranging from \$33.95 per month to \$42.95 per month.

Please see Appendix 1 for the table that shows the type of services being proposed by Verizon for grandfathering including the available alternative services, new monthly rate and the percentage of change.

Notice/Protests

Verizon indicates a copy of the Advice Letter and related tariff sheets had been mailed to competing and adjacent utilities and/or other parties, and to the customer named in the contract. Notice of AL Nos. 10926, 10926-A, 10926-B were published in the Commission Daily Calendar of July 30, 2004, August 27, 2004, March 2, 2005, respectively. Verizon notified its customers via bill inserts in its September billing regarding the request to grandfather the custom calling services listed on page 1 of this resolution. No protests to this letter have been received. However, TD did receive several complaint letters regarding the grandfathering of Call Waiting, Cancel Call Waiting and other Verizon's services. No formal protest was filed to AL 10926 or its supplements.

Discussion

Verizon proposes to grandfather the following custom calling features:

- Caller ID – Number Only
- Call Waiting (stand-alone)
- Cancel Call Waiting
- In Contact
- In Contact Package
- Smart Ring With Paks

Verizon indicates that the services to be grandfathered are outdated, unpopular, and non-competitive services, and once grandfathered, Verizon will be in a better position to offer more flexible, technologically advanced and competitive services that their customers demand. Verizon would like to grandfather these features for existing customers and therefore no new customers will be permitted to subscribe to these

DRAFT

services. If grandfathering of these services were approved, these customers would retain the service until they either move or change their service.

Verizon states that, "By reducing the number of low-demand products and services in our tariffs, Verizon is in a better position to react when our customers demand adjustments to current services."

Caller ID – Number Only has small numbers of subscribers. Caller ID – Number Only is a service that provides for the display of an incoming 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. Service can be provided to customers subscribing to rotary service. The Caller ID – Number Only feature will forward the calling number from the appropriately equipped central office to the customer provided display device.

Verizon will replace Caller – ID Number Only with Caller ID. Caller ID provides for the display of an incoming name and telephone number on a customer provided display device attach to the customer's telephone line or on a telephone answering machine with a built-in display screen. Service can be provided to customers subscribing to rotary service. The Caller ID feature will forward the calling name and number from the appropriately equipped central office to the customer provided display device. The carrier will forward all non-blocked names and telephone numbers (including non-published and non-listed telephone numbers) subject to technical limitations. Anonymous Call Block is included with this service at no additional charge where facilities and conditions permit.

Call Waiting permits the customer engaged in a call to receive a tone signal indicating a second call is waiting and by operation of the switchhook to place the first call on hold and answer the waiting call. The customer may alternate between the two calls by operation of the switchhook, but a three-way conference cannot be established. Cancel Call Waiting permits the customers before making a call to dial a code, which will prevent the call waiting tone signal from interrupting for the next call only. The tone signal function will be automatically restored to the customer's line upon disconnection of the current call.

Verizon intends to offer the combined service of Call Waiting/Cancel Call Waiting to replace the stand-alone Call Waiting feature. Call Waiting/Cancel Waiting provides the same functions as Call Waiting. As a result of the decline in the number of customers subscribing to Cancel Call Waiting stand-alone feature, it is not cost effective for Verizon to continue offering this service. In the interest of the public, TD recommends that Verizon transfer existing customers subscribing to the Cancel Call Waiting stand-alone feature to the Call Waiting/Cancel Waiting combined functionality.

DRAFT

There are large numbers of customers subscribing to the stand-alone Call Waiting feature and small numbers of customers subscribing to the Cancel Call Waiting feature. Stand-alone features, Cancel Call Waiting costs customers \$1.00 per month and Call Waiting costs \$3.50 per month. Existing customers who would want to add the stand-alone Cancel Call Waiting will pay a total of \$4.50 per month, \$0.50 more than the combined functionality of Call Waiting/Cancel Call Waiting feature that is offered by Verizon to replace the stand-alone features of Call Waiting and Cancel Call Waiting. This creates a negative impact on Verizon's existing customers as a result of grandfathering the Call Waiting and Cancel Call Waiting stand-alone features. Therefore, it is to the advantage of Verizon's existing customers for the utility to reduce the \$0.50 monthly recurring rate from the Cancel Call Waiting stand-alone feature to benefit its existing stand-alone grandfathered Call Waiting customers who may find the need to add this stand-alone feature in the future.

INC is a terminating voice service built upon Advanced Intelligent Network (AIN) functionality and is available only where facilities and conditions permit. In Contact provides the customer with a personal INC number. The INC number is geographically based in a specified central office (where technically feasible); it is not associated with a physical line or trunk. The personal number resides in a local switch. Calls to the number are directed to a network routing program and database which controls routing information for actual call termination.

Verizon intends to replace the In Contact feature with Enhanced Call Forwarding. Enhanced Call Forwarding will provide the customers with the ability to forward their number from any touch-tone phone via toll-free number.

Enhanced Call Forwarding (ECF) is an Advanced Intelligent Network¹⁰ based call forwarding service designed to increase and allow personal mobility. ECF includes: 3 Speed Forwarding Numbers and Timed Forwarding. The customer's existing number or personal number can be used. Existing number is the customer's business or Centranet Number. Personal number is a telephone number that does not have any actual line equipment tied to the number; it is a virtual number. This is a new number that is provided to the customer at initial subscription to ECF. Upon subscription, customers must designate what numbers their call will route to, then the customers may program ECF to route their numbers to any location at a given time.

The current monthly rates for ECF for both business and residence are: a) Existing Number \$7.00; b) \$12.50 for Personal Number. The monthly rates for Enhanced Call Forwarding with Call Manager with Existing and Personal Number are \$9.50 and \$15.00 respectively.

¹⁰ Telecommunications network designed with intelligence located in computer nodes called Service Control Points (SCPs) SCPs are distributed throughout the network and allow for rapid service creation and deployment.

DRAFT

Smart Ring with Paks is a custom calling service that provides two separate telephone numbers on one line, each with its own distinct ring for call differentiation. This service is offered at a monthly rate of \$3.00, when purchased with Smarter Call Pak, Smartest Call Pak, Smart Call 4400, or Smart Call 4900. The monthly rate is in addition to the monthly rate for individual Paks. There are no subscribers to the Smart Ring with Paks in the past year. Verizon proposes to offer several alternative calling services such as Local Package, Local Package Lite, and Local Package Elite. The Local Package suite of calling services offers residential exchange service plus a choice of Custom Calling features at a competitive monthly rate.

Smarter Call Pak includes Call Forwarding, Call Waiting, Three Way Calling and one of the following speed dialing services: a) Eight-Code capacity at \$4.25 per month and b) Thirty-Code capacity at \$5.25 per month. Smartest Call Pak includes Call Forwarding, Call Waiting/Cancel Waiting, Three Way Calling, Busy Number Redial, Last Number Redial, Saved Number Redial and one of the following speed dialing services: a) Eight-Code capacity at \$7.00 per month and b) Thirty Code capacity at \$8.00 per month. Smart Call Pak 4400 is offered at \$8.75 and Smart Cal Pak 4900 at \$13.25 per month respectively.

The Telecommunications Division (TD) has reviewed Verizon Advice Letter 10926. In this AL, Verizon originally included the request to grandfather the Flexible Packaging calling service and also includes the request to grandfather Custom Calling services, Do not Disturb and Call Block that are actually found in Advice Letter 10925. On August 20, 2004, Verizon filed a supplemental AL 10926-A to correct the above errors. Verizon also listed to grandfather Priority Call, which was actually grandfathered in AL 10925, approved by the Commission in Resolution T-16870 on January 27, 2005. On March 2, 2005, Verizon filed a supplemental AL 10926-B to delete Priority Call in AL 10926.

By grandfathering these services, existing customers will continue to receive the service, but the service will not be available to new customers after the effective date of this resolution. If the existing customer, subscribing the service, moves or discontinues the service, then these offerings will no longer be available.

TD received and reviewed updated information from Verizon on the number of subscribers to certain custom calling services. Based on this later data which indicates a large decline in the number of services proposed by the utility to be grandfathered, TD believes that it is appropriate for the Commission to approve Verizon's request to grandfather the services identified on page 1 of this resolution. We find TD's recommendation to be reasonable and will approve these recommendations.

DRAFT

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

Comments

In compliance with P.U. Code section 311 (g), a notice letter was e-mailed or mailed on April 26, 2005 to the interested parties, informing these parties that this resolution is available at the Commission's website <http://www.cpuc.ca.gov> and is available for public comments. In addition, TD informed these parties of the availability of the conformed resolutions at the same website.

Findings:

1. Verizon's filed AL No. 10926 on July 26, 2004, requesting Commission's authorization to grandfather the following custom calling services:
 - Caller ID- Number Only
 - Call Waiting (stand-alone)
 - Cancel Call Waiting
 - In Contact
 - In Contact Package
 - Smart Ring With Paks
2. Verizon erroneously requested to grandfather: Flexible Packaging Calling Service, Custom Calling Service, Do Not Disturb and Call Block that are actually found in AL 10925 and this error was corrected by AL 10926-A filed on August 20, 2004.
3. Verizon also included Priority Call to be grandfathered in AL 10926, which was actually listed to be grandfathered in AL 10925 and approved by the Commission on January 27, 2005 in Resolution T-16870.
4. Verizon filed a supplemental AL 10926-B to correct AL 10926 filing on March 2, 2005.
5. Verizon offers alternative package to replace for the above custom calling services indicated in Finding 1.
6. Customers who currently subscribe to the services listed in Finding 1 have received notification via bill insert of Verizon's proposed changes.

DRAFT

7. 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.
8. TD has received customers' letters urging the Commission not to grant Verizon's AL 10926 filing.
9. On February 11 and 28, 2005, Verizon provided TD with later information regarding the number of customers, on stand-alone basis, for certain custom calling services.
10. Verizon request for grandfather certain custom calling services in Schedule Cal P.U.C. No. A-40; Custom Calling Service; and Cal P.U.C. No. K-5 is just and reasonable and should be granted.

THEREFORE, IT IS ORDERED that:

1. Authority is granted to Verizon's request to grandfather the custom calling services identified in Finding No. 1.
2. Verizon shall file revised tariffs to reduce by \$0.50 the monthly recurring rate for the stand-alone Cancel Call Waiting service by June 1, 2005.
3. Verizon shall file an AL to implement the grandfather of Caller ID – Number Only, Call Waiting, Cancel Call Waiting, In Contact, In Contact Package and Smart Ring with Paks, as authorized by the Commission. This filing shall be made within 10 days from the effective date of the Resolution for TD's review. This filing shall not be subject to protest.

DRAFT

This Resolution is effective today.

I hereby certify that the Public Utilities Commission at its regular meeting on May 26, 2005 adopted this Resolution. The following Commissioners approved it:

STEVE LARSON
Executive Director

DRAFT

Appendix 1

Types of Service	Monthly Rate	Alternative Service	New Monthly Rate	% Change
Caller ID No. Only	\$7.00	Caller ID <ul style="list-style-type: none"> Also provides Anonymous Call Block Available in several popular calling packages. 	\$7.50 No additional charge	7.14%
Call Waiting	\$3.50	Call Waiting/Cancel Waiting (Combined)	\$4.00	14.3%
Cancel Call Waiting	\$1.00	Call Waiting/Cancel Waiting (Combined). Also available in several of other popular calling packages.		
In Contact and In Contact Package includes: Basic service <u>Optional features:</u> User Schedule Selective Call Acceptance Caller Access Codes The above features are applicable to both business and residence customers	\$9.00 \$12.50	Enhanced Call Forwarding, ability to forward customers' numbers from touchtone phone number via toll-free number.	a) Existing number - \$7.00 b) Personal number - \$12.50 With Call Manager a) Existing number - \$9.50 b) Personal number - \$15.00	- 8.2% 38.8% 5.5% 66.60%
Smart Ring With Paks is a service that provides two separate telephone numbers on one line, each with its own distinct ring for call differentiation.	\$3.00 when purchased with: a) <u>Smarter Call Pak:</u> 8-code capacity \$4.25 30-code capacity \$5.25 b) <u>Smartest Call Pak:</u> 8-code capacity \$7.00 30-code capacity \$8.00 c) <u>Smart Call Pak 4400:</u> \$8.75 d) <u>Smart Call Pak 4900:</u> \$13.25 <u>Note:</u> 8-code and 30-code capacity are speed dialing services. Customer has the option to choose one of the above features in addition to a and b package.	Local Package Local Package Lite Local Package Elite	\$33.95 to \$42.95	