PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division | **RESOLUTION T-16626**
Carrier Branch | **January 23, 2002**

R E S O L U T I O N

RESOLUTION T-16626. VERIZON CALIFORNIA, INC (U-1002-C). REQUEST TO MODIFY TARIFF LANGUAGE RELATING TO REMOTE CALL FORWARDING (RCF) SERVICE.

BY ADVICE LETTER (AL) NO. 8804, FILED ON AUGUST 19, 1998, AS SUPPLEMENTED BY AL NOS. 8804-A, 8804-B AND 8804-C, FILED ON APRIL 6, 1999, FEBRUARY 16, 2000 AND NOVEMBER 29, 2001, RESPECTIVELY.

SUMMARY

This Resolution approves Verizon California, Inc's (Verizon's) proposed modifications to the tariff language relating to Remote Call Forwarding (RCF) service. The approved modifications ensure that Verizon's tariff is similar to that of other ILECs in California and reflects Verizon's cost and system constraints. The Resolution shields ratepayers from revenue loss due to toll bypass from the misuse of RCF service and protects them from arbitrary service termination.

On August 19, 1998, Verizon filed AL 8804 to clearly define RCF Service. The Telecommunications Division (TD) suggested modifications to align Verizon's tariff more closely with that of other ILECs in California and to ensure that ratepayer interests are protected. These modifications were implemented in supplements 8804-A, 8804-B and 8804-C. In the absence of protests to AL 8804 and accompanying supplements, TD believes that the proposed tariff language protects ratepayer interests and at the same time reflects Verizon's cost and technical system constraints. This Resolution approves Verizon's request in AL No. 8804, and accompanying supplements and modifies tariff language relating to RCF service in Schedules CAL. P.U.C. Nos. A-40 (Custom Calling Service) and K-5 (Resale Service).

BACKGROUND

RCF Service allows a customer to have a local telephone number in a distant city. Every time a caller calls this number in that distant city, the call is forwarded to the RCF customer's answering location in his or her own city. RCF is very much like call forwarding on a local residential line, except that the RCF customer has no phone, no office and no physical presence in that distant city. RCF exists purely in the central office. All charges incurred (local or long-distance) are the responsibility of the RCF customer. Subscribers of RCF service use RCF to encourage calls from distant callers by giving them a local number in their city. Typically the volume of such remotely forwarded calls is not large enough to justify other more expensive options that provide similar functionality.

Verizon is proposing to modify the tariff language for RCF service. RCF service was intended to allow customers to forward one call at a time from a remote location and then to terminate at the final answering location. However, according to Verizon, the current tariff language for RCF is not specific enough to limit the customer to this use. As a result, some customers have used RCF service to avoid toll charges. The current tariff language for RCF service does not reflect Verizon's cost since it allows customers to forward calls simultaneously without ordering additional paths. The current tariff language for RCF service does not reflect Verizon's technical system constraints since it is not technically feasible for Verizon to provide Caller ID and RCF international. In AL 8804 and accompanying supplements, Verizon proposes to modify the tariff language. The new conditions in Verizon's proposed tariffs can be summarized as follows:

1. Customers shall not use RCF service to avoid toll charges.
2. Each RCF Service allows for forwarding of one call at a given time. An additional path has to be ordered by the customer for each additional call to be forwarded simultaneously.
3. Neither Call forwarding nor RCF service will be offered at the RCF answering location.
4. Caller ID is not available with RCF calls due to system constraints.
5. RCF International is not available due to technical constraints.

NOTICE/PROTESTS

Verizon states that copies of AL No. 8804, its subsequent supplements, AL Nos. 8804-A, 8804-B and 8804-C, and related tariff sheets were mailed to competing and adjacent utilities and / or other utilities, and interested parties, as requested. Notices of AL Nos.: 8804, 8804-A, 8804-B and 8804-C were published in the Commission Daily Calendar of April 8, 1999, April 8, 1999, February 17, 2000 and November 30, 2001, respectively. No protests to these Advice Letters were received.

DISCUSSION

Verizon filed AL No. 8804, to revise its Tariff Schedule Cal P.U.C. A-40. TD wrote data requests and met with Verizon staff to ensure that the proposed conditions are not unduly restrictive. TD was concerned that customers who are inadvertently and unintentionally using RCF to bypass toll charges should get due notice before termination. TD was also concerned that the conditions were not reflected in Verizon's Resale Tariff Schedule Cal. P.U.C. No. K-5. Finally, TD wanted to ensure that the conditions are as clear, comprehensive and restrictive as comparable tariff language in the tariffs of other ILECs and reflect Verizon's cost and system constraints.

Verizon supplemented AL No. 8804, to further clarify RCF service, with AL Nos. 8804-A, 8804-B and 8804-C, filed on April 6, 1999, February 16, 2000 and November 29, 2001, respectively. The supplements implemented modifications that were recommended by TD and requested that TD prepare a written resolution regarding this Advice Letter. In addition to the supplements, Verizon gave TD valid rationales and data to support its claim that these conditions would benefit all of its existing ratepayers, since they avoid the decrease in revenue due to toll bypass. The new conditions and the company's rationale can be summarized as follows:

1. *Customers shall not use RCF service to avoid toll charges.*

Rationale: Some customers have avoided toll charges by using the RCF feature so as to get a toll call, routed and rated as two or more local calls. This condition eliminates a loose interpretation of the current tariff language and eliminates the customers' ability to avoid toll charges.

2. *Each RCF Service allows for forwarding one call at a given time. An additional service is necessary for each additional call to be forwarded simultaneously.*

Rationale: The special conditions in the current tariff language are not specific enough to limit a customer from equipping several paths on one RCF line. In turn, the customer is only paying one flat-rate monthly charge. This tariff language modification will eliminate the possibility of multiple calls being forwarded remotely on a single line equipped with RCF. The customer would pay for any additional lines established between two locations. RCF is a discretionary service and is available for resale and the proposed tariffs are above the long run incremental costs.

3. *Neither Call forwarding nor RCF service will be offered at the RCF answering location.*

Rationale: This condition prohibits a customer from linking a line equipped with RCF to another line with RCF or Call Forwarding features to bypass toll. The call will have to terminate on the telephone number it was originally forwarded to.

In addition to the rationale, Verizon has provided TD with data to support its claim that these conditions would prevent revenue loss and benefit California ratepayers. According to Verizon, the actual recorded intraLATA toll revenue loss in the first six months of the year 2001 was approximately $50,000. Based on this data, Verizon estimates the total intraLATA toll revenue loss in year 2001 to be approximately $100,000. TD notes that the revenue lost is not all below the line since intraLATA toll is a Category II service in Verizon's tariffs. Hence preventing the loss of revenues from toll bypass would benefit all ratepayers.

Technical system constraints that currently prevent the provision of RCF International and Caller ID and hence the following additional conditions are necessary:

4. *Due to technical limitations related to the Caller ID Privacy indicator, the Utility will not provide identification of the calling party number to the RCF customer.*

Rationale: When a caller calls the RCF number, the original call terminates at the Central Office of the RCF location. The original call is then forwarded remotely to the answering location of the RCF customer. Given current system configurations at Verizon, the LED screen on the Caller ID unit at the answering location will display only the RCF number and not the number of the original caller. Verizon has provided a detailed explanation[1] of the technological constraints and privacy concerns that led to Verizon management's decision to configure the network in 1996, the way it is now. Verizon claims that technology and privacy concerns have not changed in the past five years to enable Verizon's management to alter this decision. Hence Caller ID cannot be provided to RCF customers for remotely forwarded calls given current system configurations at Verizon.

5. *The answering location for a forwarded call cannot be an international telephone number.*

[1] In general, when a call is set-up via Signaling System-7 (SS7, which is the current technology), and that call hits a "Call Forward" of any kind (CF-Busy or CF-No Answer or Remote CF or any other flavor) the subsequent SS7 message will also carry the Caller ID of the Original Caller or OCDN (Original Caller Directory Number), and Caller ID of the "Call Forward" number or CFDN (Call Forward Directory Number). If the call is forwarded to a Voice Mail box and the original caller invokes privacy, the current technology of some Voice Mail servers is not capable of recognizing the Privacy Indicator (and therefore cannot honor an invocation of privacy) on a call presented to it. To preclude a Voice Mail customer from discovering the telephone number of every call presented to a Voice Mail box, the network was configured in 1996 to always not provide the OCDN on any forwarded call, regardless of the "forwarding" type.

Rationale: Currently, Verizon does not have a method to automatically provision numbers greater than eleven digits through the Assignment Activation Inventory System (A.A.I.S[2]). Hence RCF international cannot be provided given the current technology.

The changes highlighted above, albeit restrictive, are not controversial because of the following reasons:

1. The proposed conditions would benefit all of Verizon's existing ratepayers since they avoid the decrease in the company's intraLATA toll revenue.
2. Most of the proposed conditions are reflected on the tariffs of other ILECs providing service in California.
3. The proposed conditions reflect Verizon's cost and technical system constraints.
4. RCF is a discretionary service and is available for resale and the proposed tariffs are above the long run incremental costs.
5. The conditions, when enforced with TD's recommendations explained below, are not unduly restrictive to customers who are either intentionally or unintentionally using RCF to bypass toll charges.

TD believes that the data and rationale provided by Verizon justify a revision in its tariff language. Verizon has adopted all the modifications suggested by TD in supplements 8804-B and 8804-C, except for a separate condition for service termination.

TD observes that customers who are in violation of the new tariff language would need to subscribe to additional services or be removed from their existing service. The modifications suggested by TD and adopted partially by Verizon in supplement 8804-C ensure that Verizon follows a standard protocol before discontinuing service. Such a condition is currently applicable only if the answering location is found to be subscribing to Call Forwarding or RCF service. This condition should apply to all instances of service termination. Verizon should be directed to include a separate condition to protect customers from arbitrary service termination. TD recommends that a new and separate condition on service termination be added to supplement the conditions requested by Verizon. When Verizon detects a violation of any of the proposed conditions, Verizon will formally inform the customer of the problem in writing. The RCF service may be discontinued only after ten days from the issuance of written communication from Verizon.

[2] The A.A.I.S. provides switch detail information as to where inside and outside plant facilities are located within Verizon's telecommunications network.

In addition, TD observes that some customers would see a rate increase on their bills, since one of the conditions requires customers to order additional paths to forward calls simultaneously. TD recommends that this condition be applicable 60 days from the effective date of this Advice Letter. TD also recommends that Verizon be directed to mail a notice to customers within 30 days of the effective date of this Advice Letter, apprising affected customers of the imminent rate increase.

The proposed conditions restrict the provision of services such as Caller ID and RCF international. TD recommends that Verizon should be directed to file an Advice Letter to change these conditions if the technology changes and makes it viable for Verizon to provide these services.

Therefore, to summarize the foregoing discussion, TD recommends that the Commission grant Verizon’s request in AL No. 8804 and accompanying supplements and in addition direct Verizon to do the following:

1. To add a separate condition to protect customers from arbitrary service termination.
2. To give due notice to customers who might see a rate increase on their bills as a result of the proposed conditions.
3. To file an Advice Letter to remove the conditions that restricts provision of Caller ID and RCF international, if new technology permits Verizon to do so.

In view of the above discussion, we find Verizon’s request in AL No. 8804, and accompanying supplements, to be appropriate and reasonable subject to the three conditions that TD recommends. Commission approval is based on the specifics of the AL and does not establish precedent for the contents of future filings or for Commission approval of similar requests.

The draft resolution of the Telecommunications Division in this matter was mailed to parties in accordance with PU Code Sections 311(g)(1). No comments were filed.

FINDINGS

1. By clarifying the tariff language related to RCF conditions in AL 8804 and accompanying supplements, Verizon will avoid loosing intra-state toll revenue. The actual recorded revenue loss in the first six months of year 2001 was approximately $50,000.

2. The proposed conditions benefit all existing ratepayers by avoiding the decrease in intraLATA toll revenue, which is currently a Category II service on Verizon tariffs.

3. RCF is a discretionary service and is available for resale and the proposed tariffs are above the long run incremental costs.

4. The proposed conditions reflect Verizon's cost and technical system constraints.

5. The conditions are not unduly restrictive to customers who are unintentionally using RCF to bypass toll charges.

6. One of the proposed conditions provides customers adequate notice before termination of service. Such a condition is currently applicable only if the answering location is found to be subscribing to Call Forwarding or RCF service.

7. Caller ID cannot be provided to RCF customers for remotely forwarded calls given current system configurations at Verizon.

8. RCF international cannot be provided at this time due to technological constraints.

9. Most of the proposed conditions are already reflected on the tariffs of other ILECs in California.

THEREFORE, IT IS ORDERED that:

1. Verizon's request in AL No. 8804 and accompanying supplements to revise its Tariff Schedules Cal P.U.C. A-40 and K-5 is approved, subject to conditions in the following ordering paragraphs 2, 3 and 4. The tariff sheets, filed with Advice Letter No. 8804 and accompanying supplements shall be marked to indicate that they were approved by Resolution T-16626.

2. Verizon shall add a special condition (n) on Sheet 21 of Tariff Schedule Cal P.U.C. A-40 to address service termination. Corresponding tariff language shall be removed from special condition (j) and added to the new condition (n). Condition (n) shall state that "RCF service may be discontinued if a customer violates special conditions (i), (j) and (l) after ten days from the issuance of written communication from the Utility".

3. Special condition (l) on Sheet 21 of Tariff Schedule Cal P.U.C. A-40 shall be effective 60 days from the effective date of the advice letter. Verizon shall mail a notice to customers affected by this condition within 30 days of the effective date of the advice letter, apprising them of the imminent rate increase.

4. The approved conditions restrict provision of Caller ID to RCF customers and RCF international respectively. Should the technology make it possible for Verizon to provide these services in the future, Verizon shall file an advice letter to amend these conditions.

5. Verizon shall file revised tariff schedules by an advice letter supplement in compliance with ordering paragraph 2 within 10 days from the effective date of this resolution. The advice letter with the revised tariff schedules shall become effective after TD approves it.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on January 23, 2002. The following Commissioners approved it:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN
Executive Director

LORETTA M. LYNCH
President
HENRY M. DUQUE
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