

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by AT&T COMMUNICATIONS)	DOCKET NO. 881508-TI
OF THE SOUTHERN STATES, INC. for approval))	
of a reduction in its evening and night)	
weekend discount on its MTS and Reach Out))	
Florida Services and a reduction in its)	
day rates)	
)	
In re: Petition of GTE FLORIDA)	DOCKET NO. 881344-TL
INCORPORATED requesting a reduction to)	
the BHMOC rate element)	
)	
In re: Dispute by CITIZENS OF THE STATE)	DOCKET NO. 870460-TI
OF FLORIDA of amount of 1986 overearnings))	
refund offered by AT&T COMMUNICATIONS OF)	
THE SOUTHERN STATES, INC.)	
)	
In re: Petition of AT&T COMMUNICATIONS)	DOCKET NO. 870347-TI
OF THE SOUTHERN STATES, INC. for)	
Commission forbearance from earnings)	ORDER NO. 20842
regulation and waiver of Rule 25-4.495(1))	
and 25-24.480(1)(b), F.A.C., for a trial)	ISSUED: 3-2-89
period)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 JOHN T. HERNDON

ORDER APPROVING PROPOSED RATES
AND SUSPENDING PROPOSED PRICE CAPS

BY THE COMMISSION:

In Order No. 20609, issued January 17, 1989, we approved in concept the proposals of AT&T Communications of the Southern States, Inc. (ATT-C), to change its rate discounts in Docket No. 881508-TI, to resolve 1986 overearnings in Docket No. 870460-TI and to flow through GTE Florida Incorporated's (GTEFL's) Busy Hour Minutes of Capacity (BHMOC) charge reductions in Docket No. 881344-TL. However, because of our intent to make these changes effective contemporaneously, we rejected a tariff revision that was then pending and directed ATT-C to file tariff revisions for implementing the changes that we approved conceptually.

On December 30, 1988, ATT-C filed the tariff revisions directed by Order No. 20609 (the Revisions). The ATT-C service offerings whose rates would be changed if the Revisions are approved are: Reach Out Florida, MTS, WATS and 800 Services. The proposed changes total an annual gross revenue reduction of \$9,537,669 to ATT-C. The Revisions propose to implement Order No. 20609 through reductions of approximately \$1.8 Million for 1986 overearnings and around \$7.7 Million to pass through GTEFL's BHMOC charge reduction. The Revisions further propose changes in ATT-C rate discounts, including reductions in its Evening discount from 35% to 25% and its Night/Weekend discount

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from 60% to 50% for intrastate MTS and Reach Out Florida Services. However, the Revisions propose that these revenue increases be offset by reductions in ATT-C's Day rates for these services, thereby having no effect on ATT-C revenues.

ATT-C proposes to increase its Reach Out Florida Service monthly rates for Night/Weekend usage from \$7.40 to \$7.75 for the initial hour and from \$7.10 to \$7.35 for each additional hour. The Revision proposes the following MTS rate changes:

Rate Mileage	Initial Minute Day Rates	
	Current	Proposed
0-10	\$.19	\$.19
11-22	.28	.28
23-55	.38	.34
56-124	.38	.36
125-292	.39	.36
293-430	.41	.37
431-624	.41	.38
	Additional Minute	
0-10	\$.09	\$.09
11-22	.16	.16
23-55	.26	.23
56-124	.27	.24
125-292	.28	.25
293-430	.29	.25
431-624	.30	.26

Finally, ATT-C proposes reducing Day rates for WATS and 800 Services. Day rates only would be lowered because 80% of BHMOC costs are allocated to Day rates of these services. Thus, when GTEFL reduced its BHMOC charges, the majority of the cost savings to ATT-C in providing WATS and 800 Services occurred within daytime hours. We approved a similar reduction for ATT-C following Southern Bell Telephone and Telegraph Company's BHMOC charge reduction. The rates proposed in the Revisions are:

WATS Service	DAY RATES	
	Current	Proposed
<u>Hours Used</u>		
0-10	\$14.60	\$14.10
10.1-25	13.85	13.20
25.1-50	12.40	11.90
50.1-80	11.00	10.60
Over-80	10.35	10.20
<u>800 Service</u>		
0-15	\$14.65	\$14.35
15.1-40	13.64	13.30
40.1-80	12.64	12.35
Over-80	11.54	11.30

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Upon review, we find that ATT-C's proposed rate changes comply with those approved in concept by Order No. 20609. Accordingly, we approve the rate changes shown above. We are unable however to approve the price caps proposed in the Revisions because our Staff questions whether these price caps comply with our action in Docket No. 870347-TI (the Forbearance Proceeding). Based on this concern, we suspend the price caps proposed in the Revisions.

In the Forbearance Proceeding, we granted ATT-C forbearance from rate-of-return and rate base regulation for a period of two years. In an earlier proceeding, price caps and price floors had been set for ATT-C's rates, and as a condition of forbearance, ATT-C is required to maintain price caps and price floors in its rate structure. The Revisions propose price caps for MTS and WATS Services which were computed by reducing those price caps that were in effect prior to our decision in the Forbearance Proceeding by the rate reductions that we approve in this Order.

At our Special Agenda Conference in the Forbearance Proceeding on July 11, 1988, Staff recommended that ATT-C's price caps be reset at a level equal to ATT-C's rates which were in effect at that time. ATT-C's rates were then actually below the price caps that were in effect. Our action in the Forbearance Proceeding was explained in Order No. 19758, issued August 3, 1988. Order 19758 appears unclear as to whether the Commission intended that the price caps be reset equal to ATT-C's rates at that time.

In Staff's opinion, the Commission's intent was that ATT-C should revise its price caps, lowering them to equal its rates that were in effect at that time. ATT-C did not believe this to be our intention and thus did not file tariff revisions to lower its rate caps. Since Order No. 19758 was issued, ATT-C has implemented rate reductions in its switched services in response to BHMOC charge reductions made by local exchange companies. Staff believes that these reductions in ATT-C's cost of obtaining access should also lower the company's price caps. Consequently, it appears to Staff that the present price caps for ATT-C's switched services should be the same as the present rates for these services.

In order to answer this question, we direct our Staff to review the record of the Forbearance Proceeding to locate any evidence of the Commission's intention regarding changes in the level of ATT-C's price caps. When that step has been taken, Staff shall present an appropriate recommendation for our consideration in resolving this issue.

Therefore, it is

ORDERED by the Florida Public Service Commission that the proposed rates contained in the tariff revision filed by AT&T Communications of the Southern States, Inc., on December 30, 1988, are hereby approved. It is further

ORDERED that the proposed price caps contained in the tariff revision filed by AT&T Communications of the Southern States, Inc., on December 30, 1988, are hereby suspended. It is further

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ORDERED that the Staff of the Florida Public Service Commission shall review the record compiled in Docket No. 870347-TI and make an appropriate recommendation for resolving the proposed price caps suspended in this Order.

By ORDER of the Florida Public Service Commission,
this 2nd day of MARCH, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.