

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tariff proposal by ALLTEL FLORIDA, INC. to waive custom calling charges for 30 days and continue the promotion until such time as it is no longer beneficial)))))	DOCKET NO. 890664-TL ORDER NO. 21432 ISSUED: 6-23-89
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The following Commissioners participated in the disposition of this matter:

- MICHAEL MCK. WILSON, Chairman
- THOMAS M. BEARD
- BETTY EASLEY
- GERALD L. GUNTER
- JOHN T. HERNDON

ORDER APPROVING TARIFF FILING

BY THE COMMISSION:

On March 31, 1989, ALLTEL Florida, Inc. (ALLTEL) filed a tariff revision to provide new residential customers the opportunity to receive custom calling features (excluding Warm Line) free of charge for thirty (30) days. This offering is similar to special promotional waivers we have approved in the past. ALLTEL originally filed this offering as a waiver request; however, because this offering was to continue until it was no longer beneficial to the Company or customer, our staff believed the offering should be filed as a tariff revision.

In Order No. 12559, issued September 27, 1983, we approved Central Telephone Company of Florida's (Centel's) request for waiver of charges for custom calling features. Centel outlined to us the advantages of promoting discretionary services as follows:

1. The set-up costs for implementing the service are less due to the bulk entry of data into the central office feature memory and billing records, and
2. Experience from past promotions indicates a high percentage of customers retain the service after the waiver of monthly charges ends, thus adding to company revenues.

We approved this special promotion and, later, others like it, because Centel and the other companies demonstrated to us the desirability of promoting discretionary services. We believe that the revenues generated from these services may postpone the need for rate increases for basic local exchange service.

ALLTEL's tariff differs from what we have approved in the past. This tariff offers residential applicants for new service the opportunity to use custom calling services (excluding Warm Line) free of charge for thirty (30) days following installation of service. In the past, we have approved waivers of custom calling features to both new and current customers, but the promotions were limited to sixty (60) days and offered only once in a twelve (12) month period. What is unique with this filing is that the special promotion is limited to new customers and would run on an open-ended basis, as originally proposed by ALLTEL.

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ALLTEL views this offering as having two purposes: educating the customer and producing revenue for the Company. By giving customers hands-on experience rather than just explaining these features to them, the Company believes the customers will be more apt to retain these features. Because these are optional services, only those customers who want the features will take them and the revenues generated may help minimize upward pressures on local service rates. We believe these benefits are consistent with past promotions and that this filing is a viable option for promoting custom calling features.

Under ALLTEL's proposal, the new customer is responsible to notify ALLTEL if he does not wish to retain all or part of the custom calling services after the expiration of the thirty (30) day free trial period. This default aspect of the proposal caused our staff some concern. Because new customers are usually in a transition period, they may make a hasty decision to accept the free trial without having sufficient time to evaluate the offering. Additionally, since new customers are in direct contact with sales representatives, they may feel somewhat pressured to accept the special promotion, since it is free of charge initially. ALLTEL has included a grace period whereby the customer will be given full credit for the service as long as he notifies the company of his desire to discontinue the services within ten (10) days of the initial billing following the expiration of the free trial period. Additionally, detailed information regarding the services (rates, description, etc.) will be mailed to the customer, separate from billing, immediately after the request for the free trial is made. We believe that the grace period, coupled with the informational mailing, will provide sufficient opportunity for consumer awareness and customer choice.

Because of the novelty of ALLTEL's proposal, we are not prepared to approve this filing on an open-ended basis as proposed by the company. In light of our concern, the company modified the proposal at our Agenda Conference on June 6, 1989, to make it effective for a one-year trial period only. Additionally, ALLTEL will be required to file a follow-up report sixty (60) days prior to the end of the trial year, but no later than April 6, 1990. At a minimum, this report should contain: the cost of preparing bill inserts to remind customers that they will be charged if service is not cancelled; the revenue foregone as a result of the zero charge (including the number of customers and monthly and nonrecurring charges waived); the number of new customers receiving the special promotion; the percentage of new customers applying for custom calling prior to the promotion; the number of customers keeping the service and the number cancelling after the waiver has expired; and the revenues derived from the service.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff revision (T-89-190) filed March 31, 1989, and modified on June 6, 1989, by ALLTEL Florida, Inc. is approved for a one-year trial period only. It is further

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ORDERED that ALLTEL Florida, Inc. is to file a follow-up report as described in the body of this Order. It is further

ORDERED that this docket is hereby closed.

By ORDER of the Florida Public Service Commission,
this 23rd day of JUNE 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.