

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 951140-TI
tariff filing to offer intraLATA) ORDER NO. PSC-95-1402-FOF-TI
promotion to residential) ISSUED: November 16, 1995
customers of BellSouth)
Telecommunications, Inc. d/b/a)
Southern Bell Telephone and)
Telegraph Company in Florida, by)
AT&T Communications of the)
Southern States, Inc. (T-95-595)
filed 9/15/95)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TARIFF

BY THE COMMISSION:

On July 6, 1994, in Docket No. 940722-TI, AT&T Communications of the Southern States, Inc. (ATT-C) proposed a tariff to offer reduced rates to residential customers of BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) in the Southeast LATA (local access and transport area) on a market trial basis. At the August 2, 1994 agenda conference, we denied the proposed trial because of ATT-C's statewide average rate requirement. We were concerned that deviating from this requirement may constitute an important policy change, so we directed our staff to investigate the ATT-C's statewide average rate requirement and the possible implications of changing the requirement. See Order No. PSC-94-1043-FOF-TI.

ATT-C proposed a second market trial tariff to reduce rates for 10288 1+ intraLATA calls to all residential customers throughout Southern Bell's service territory. We denied ATT-C's proposed tariff, stating that it would be premature to approve it in light of staff's investigation. See Order No. PSC-94-1317-FOF-TI, issued October 26, 1994.

DOCUMENT NUMBER-DATE

11350 NOV 16 95

FPSC-RECORDS/REPORTING

At the December 20, 1994 agenda conference, our staff recommended in the deaveraging investigation docket, Docket No. 940880-TP, that we modify the statewide uniform rate requirement for ATT-C by allowing uniform rates within a local exchange company's (LEC's) territory and for uniform rates between LEC territories. ATT-C objected and we immediately set the matter for hearing.

As a result of changes resulting from Chapter 95-403, Laws of Florida, which greatly increase the rate flexibility of price regulated LECs, all parties agreed that Docket No. 940880-TP should be closed. The interexchange carriers (IXCs) stated that no overall determination should be made as to how and to what extent the IXCs should be able to deaverage MTS rates. Instead, the parties contended that it would be preferable for such matters to be handled on a case-by-case basis when an IXC files a proposed tariff. Accordingly, we closed Docket No. 940880-TP. See Order No. PSC-95-1244-FOF-TP, issued October 10, 1995.

On September 15, 1995, ATT-C filed a tariff to offer reduced intraLATA rates to Florida residential customers whose local service is provided by Southern Bell. ATT-C proposes that this promotion run 167 days, from October 16, 1995 through March 31, 1996.

ATT-C also requests a waiver of Rule 25-24.485 (1)(i), Florida Administrative Code, which limits temporary rate reductions to no more than 90 days within twelve consecutive months per individual customer.

ATT-C's proposed tariff is an exception to the Commission's policy. See Orders No. 19758, issued August 3, 1988; 23997, issued January 16, 1991; and PSC-92-0572-FOF-TI, issued June 25, 1992. Approval of this proposed tariff would thus constitute a policy change; however, we believe approval is in the public interest. Further, approval of this tariff should not be construed as granting ATT-C blanket authority to deaverage rates. ATT-C is still bound by the discrimination statutes, Sections 364.08, 364.09 and 364.10, Florida Statutes.

In providing intrastate toll services in Florida, the IXCs incur originating and terminating switched access charges. Switched access charges are a major cost component implicitly recovered in the IXCs' toll rates. However, these switched access charges vary by LEC. It is therefore rational to allow ATT-C to set rates based on an individual LEC's switched access charges. Currently, Southern Bell has the lowest switched access charges in Florida. In effect, it costs ATT-C less to originate and terminate

traffic within Southern Bell's service territory. Approval of this tariff will allow ATT-C to pass these cost savings to Southern Bell's customers who use ATT-C's network to place intraLATA calls. By allowing ATT-C to pass on these savings, we would thereby be ensuring the availability of the widest possible range of consumer choice as is the legislative intent of the revisions to Chapter 364, Florida Statutes.

We have consistently found that competition for intrastate toll service is in the public's best interest. Our policy requiring ATT-C to maintain statewide average rates was put in place to avoid lower rates being offered in urban areas and higher rates being offered in rural areas. However, this is no longer a concern due to the presence of many toll service providers. If ATT-C were to raise rates in rural areas, then competitors would offer lower rates to compete with ATT-C in those markets. Thus, by approving ATT-C's proposed tariff, we will further encourage competition. Recently, several LECs have filed for significant toll rate reductions and restructuring due in part to approval of the implementation of 1+ intraLATA presubscription. For example, in a recently approved tariff, Southern Bell restructured its MTS rates from being distance sensitive to non-distance sensitive flat rate. See Order No. PSC-95-1020-FOF-TL. These filings have been the LECs' response to increasing competitive pressures. It is also reasonable that we allow ATT-C to offer a competitive response by reducing rates to residential customers in Southern Bell's service territory. This will ensure the availability of the widest possible range of consumer choice.

Accordingly, we grant ATT-C a waiver from Rule 25-24.485 (1)(i), Florida Administrative Code, exempt ATT-C from the requirements of Orders No. 19758 and PSC-92-0572-FOF-TI for this tariff, and approve ATT-C's proposed tariff as filed. Thus, ATT-C will be able to offer reduced intraLATA rates to Florida residential customers whose local service is provided by Southern Bell for a period of 167 days, from October 16, 1995 through March 31, 1996.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that ATT-C's tariff to offer reduced intraLATA rates to Florida residential customers whose local service is provided by Southern Bell for a period of 167 days, from October 16, 1995 through March 31, 1996 is hereby approved with an effective date of October 16, 1995. It is further

ORDER NO. PSC-95-1402-FOF-TI
DOCKET NO. 951140-TI
PAGE 4

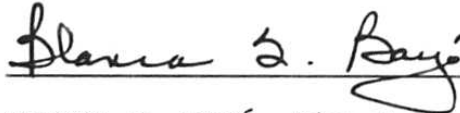
ORDERED that ATT-C is granted a waiver from Rule 25-24.485 (1)(i), Florida Administrative Code, for this tariff. It is further

ORDERED that ATT-C is hereby exempted from the requirements of Orders No. 19758, 23997, and PSC-92-0572-FOF-TI for this tariff. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 16th day of November, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

DLC

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.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests

ORDER NO. PSC-95-1402-FOF-TI
DOCKET NO. 951140-TI
PAGE 5

are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 7, 1995.

In the absence of such a petition, this order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater 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 of the date this Order becomes final, 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.