

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing) DOCKET NO. 890505-TL
by SOUTHERN BELL TELEPHONE AND) ORDER NO. PSC-93-0170-FOF-TL
TELEGRAPH COMPANY to restructure) ISSUED: 2/3/93
and reprice private line and)
special access services.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

NOTICE OF PROPOSED AGENCY ACTION
ORDER ADDRESSING OFFSETS FROM PHASE III
RESTRUCTURING OF LEC PRIVATE LINE AND
SPECIAL ACCESS SERVICES

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

By Order No. 23400, the Commission approved the restructuring of Private Line/Special Services. The rate and revenue effects of the restructuring have been phased-in over a three-year period. By Order No. 23400, we set forth a requirement that additional proceedings were to be held to determine the revenue offsets for future rate increases in Phases II and III. Phase II offsets were addressed in Order No. 25582. This Order addresses Phase III offsets.

During Phase III, BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone (Southern Bell), GTE Florida Incorporated (GTEFL), and United Telephone of Florida (United) will experience revenue increases due to rate increases in their special access services. Central Telephone Company of Florida (Centel) rates were increased to their final level in Phase II. All other local

DOCUMENT NUMBER-DATE

01276 FEB-93

FFSC-RECORDS/REPORTING

exchange companies (LECs) will have relatively minor increases or decreases in revenues from Phase III.

Southern Bell and GTEFL do not propose revenue offsets at this time. Although Southern Bell's rates and revenues increase, the Company projects that it will not receive the amount of revenues it previously estimated during Phase II. As a result, Southern Bell indicates that no revenue offset is needed. Southern Bell also notes that it has a rate case pending before the Commission. GTEFL states that revenue decreases are projected for interexchange private line services, so it does not propose revenue offsets to its special access services; GTEFL also recently completed rate case. United proposes to reduce the BHMOC as an offset to the revenue increase. No offsets are proposed for the other LECs. Phase III offsets for each LEC are addressed below.

II. SOUTHERN BELL

Southern Bell previously submitted revenue offsets to projected Phase II increases to special access. The revenue increases for 1991 special access and private line services were estimated at \$6.65 million. The Commission approved offsets as follows: Feature Group D (FGD) carrier common line switched access terminating rate from \$.0382 per Minute of Use (MOU) to \$.0363 per MOU which amounted to \$1.65 million, a one-time nonrecurring waiver of \$3.3 million to digital services, and reductions to Synchronet and MegaLink digital services in the amount of \$1.7 million.

Based on information submitted by Southern Bell, it appears that the actual Phase II revenue increase for special access excluding private line was only about \$3.2 million. Since the projected 1992 special access revenue increase was \$6.65 million, there is about \$3.45 million less revenue than projected.

The projected revenue increase for Phase 3 from special access services is \$2.6 million. There will be a revenue decrease with the conversion of TELPAK services to single line equivalent in the amount of \$.6 million. The total revenue impact of Phase III is estimated to be \$2 million.

Upon consideration, we find it appropriate to approve Southern Bell's proposal for no Phase III offsets. The Company has yet to realize the revenue projected in last year's proposal. The initial phases of the restructure were based more on historical units, without any or limited repression being taken into account due to rate increases. The projected revenue increase for Phase III of approximately \$2.0 million is based upon more current units. Since

the remaining customers of special access have sustained two phases of dramatic increases and have remained with the service, Phase III should have limited repression on these customers.

Accordingly, the revenue increases associated with Phase III should become effective on January 16, 1993, with no offset. We note that Southern Bell has a pending rate case in Docket No. 920260-TL. All of Southern Bell's rates and revenues will be examined in that case, including the revenue effects of the restructure.

III. GTE FLORIDA INCORPORATED

We approved GTE's restructure and repricing of local private line services in Docket 910967-TL. We determined that local private line services were to conform with the restructure approved for Southern Bell. The local private line services were restructured to align these services closer with cost of service.

We have recently completed a rate case for GTEFL. In that case, we approved the Company's proposal to mirror interexchange private line services with local private line services. The Company's proposal was premised on the assumption that interexchange private line will be depooled January 1, 1993. Since the rates and revenues regarding GTEFL's restructure, have been dealt with in the rate case, no further action regarding offsets is necessary for this Company.

IV. UNITED

United indicates that the revenue impact of Phase III of the restructuring of interexchange private line services and special access services, will be an increase of \$272,085. The TELPAK portion of this revenue increase is \$75,376. However, we note also that TELPAK services are scheduled to be phased out. As a result, United will have a net revenue increase of \$196,709. United proposes to offset the increase in revenue with a \$.05 decrease to the BHMOC rate. See Dockets Nos. 890505-TL and 911085-TL.

Upon consideration we find it appropriate to deny United's proposed offset. A proceeding has been initiated to address the depooling of interexchange private line services in Docket No. 921280-TL. We do not yet know the revenue impact to United from depooling; however, preliminary indications are that United will experience a net revenue loss from depooling. Accordingly, we find it appropriate to hold United's revenue increase from restructuring

for subsequent disposition to mitigate the potential loss from depooling. Notwithstanding our decision to implement no offset at this time, Phase III rate charges will be effective as previously set. United's Phase III revenue increase shall be addressed in the depooling proceeding.

V. CENDEL

Centel's rates for special access services were previously changed to their final level in Phase II to coincide with its rate case in Docket No. 891246-TL. The Company's most recent impact estimates provided actual and projected revenue increases for 1991, 1992, and 1993. The current projected 1993 revenue increase from special access is \$1.3 million.

The Company indicates that the 1993 revenue increases will be due to changes in customer demand and not increases in special access rates. Accordingly, the Company has not proposed any revenue offsets to the revenue increases to private line services.

Upon consideration, we find it appropriate to approve the Company's proposal. Since Centel will make no rate changes in Phase III, no offsets are needed.

VI. SMALL LECs

The impact on each of the small LECs varies from \$0 to \$44,736 depending on the LEC in question. The impact on each LEC is as shown below:

Local Exchange Companies	Restructure Impact \$	Impact to Actual ROE as of June 30, 1992
ALLTEL	\$44,736	0.08%
Floralta	\$901	0.04%
Gulf	\$1,831	0.04%
Indiantown	\$511	0.02%
Northeast	\$2,957	0.1%
Quincy	(\$1,148)	(0.02%)
St. Joe	\$30,311	0.18%

Local Exchange Companies	Restructure Impact \$	Impact to Actual ROE as of June 30, 1992
Southland	0	0
Vista-United	0	0

ALLTEL and St. Joe will experience the greatest revenue impact. ALLTEL has not proposed any offset. ALLTEL indicates that other reductions to its interexchange private line service will reduce the impact. In particular, ALLTEL notes that it will experience an \$18,000 decrease due to a proposed change in the Florida Lottery circuit classification. The Company believes the balance of the increase is not sufficient to warrant an offset. St. Joe did not propose any offset.

Upon consideration, we find it appropriate to not establish any Phase III offsets at this time. As discussed above in conjunction with United, we will be addressing the depooling of interexchange private line services. Since we do not have sufficient information regarding the impact of depooling on the small LECs, we find it appropriate to reserve determination of the disposition of revenue increases from Phase III until we have examined the impact of depooling. Notwithstanding our decision to not implement any offsets at this time, Phase III rate changes will be effective as previously set. Disposition of any revenue increases from Phase III shall be addressed in the depooling proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposals submitted by BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company, GTE Florida Incorporated, and Central Telephone Company regarding the revenue increases associated with the interexchange Private Line/Special Access Services for Phase III is hereby approved as set forth in the body of this Order. It is further

ORDERED that the proposals submitted by Southern Bell, GTE, and Centel shall become effective on January 16, 1993, with no offset. It is further

ORDERED that the revenues from the Phase III increase in the proposal submitted by Southern Bell shall be considered in Docket No. 920260-TL. It is further

ORDER NO. PSC-93-0170-FOF-TL
DOCKET NO. 890505-TL
PAGE 6

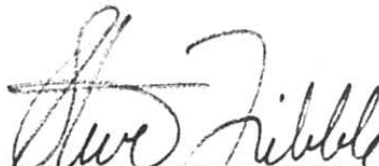
ORDERED that the proposal submitted by United Telephone Company of Florida is hereby denied as set forth in the body of this Order. It is further

ORDERED that the \$196,709 increase in the proposal submitted by United shall be held for disposition in Docket No. 921280-TL. It is further

ORDERED that the revenue increases for the small LECs shall be held for disposition in Docket No. 921280-TL. It is further

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

By ORDER of the Florida Public Service Commission, this 3rd day of February, 1993.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TH

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.

ORDER NO. PSC-93-0170-FOF-TL
DOCKET NO. 890505-TL
PAGE 7

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 24, 1993.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective 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 effective date 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.