

VOTE SHEET

DATE: September 12, 1995

RE: DOCKET NO. 920260-TL - Comprehensive review of the revenue requirements and rate stabilization plan of Southern Bell Telephone and Telegraph Company.

Legal Issue 1: Since this docket was opened prior to the new law being enacted, should the unspecified \$25 million rate reduction scheduled for October 1, 1995, be processed under the former version of Chapter 364, Florida Statutes?

Primary Recommendation: No. Since this proceeding did not progress to the stage of a hearing on July 1, 1995 and the parties did not consent to use the former version of Chapter 364, Florida Statutes, this proceeding should be controlled by the revised version of Chapter 364, Florida Statutes.

DEFERRED

COMMISSIONERS ASSIGNED: Full Commission

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

REMARKS/DISSENTING COMMENTS:

PSC/RAR33 (5/90)

to 9/26/95 agenda

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Alternative Recommendation: Yes. This proceeding (Docket No. 920260-TL) "progressed to the stage of hearing" in January 1994. A hearing was only avoided at that time because all parties agreed to, and the Commission approved, a stipulated resolution. Further, these proposals are being considered to implement one of the requirements of Order No. PSC-94-0172-FOF-TL. Order No. PSC-94-0172-FOF-TL is the express and only subject of Section 364.385(3), Florida Statutes, a "savings" clause. Therefore, the unspecified \$25 million rate reduction scheduled for October 1, 1995 should be processed under the former version of Chapter 364, Florida Statutes.

Legal Issue 2: If approved, would Southern Bell's ECS plan become part of basic local telecommunications service as defined in Section 364.02(2), Florida Statutes?

Primary Recommendation: No. If the Commission decides in Issue 1 that the amended Chapter 364 applies and if the Commission approves Southern Bell's ECS proposal, then, based on the statutory definitions of basic and non-basic services in Section 364.02 and the savings clause in Section 364.385, Southern Bell's ECS plan should be considered non-basic service.

Alternative Recommendation: Yes.

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Legal Issue 3: If it is not part of basic local telecommunications service, does Southern Bell's ECS plan violate the imputation requirement of Section 364.051(6)(c), Florida Statutes?

Primary Recommendation: Before the Commission can determine whether Southern Bell's ECS plan does or does not violate the imputation requirement of Section 364.051(6)(c), Florida Statutes, it must determine what constitutes the "direct" cost of ECS as well as what is the appropriate "monopoly component." Staff has recommended in Issue 2 that development of a resale and/or interconnection rate, as specified in Section 364.162(4) and (5), will adequately address the concerns that the imputation requirement is designed to address, at a minimum, for purposes of this case.

Alternative Recommendation: Since alternative staff believes the plan should be approved as part of basic local telecommunications service under the authority of Section 364.385(3), Florida Statutes, the imputation requirement of Section 364.051(6)(c), Florida Statutes, does not apply.

Legal Issue 4: Does Southern Bell's ECS proposal violate any other provision of the revised Chapter 364, Florida Statutes, excluding those previously identified in the positions on the issues listed in the prehearing order?

Recommendation: No. Southern Bell's ECS proposal does not appear to violate any other provisions of Chapter 364, Florida Statutes.

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Legal Issue 5: Should Staff's Motion to Supplement the Record be granted?

Recommendation: Yes. No party filed a response to the motion. Therefore, it may be assumed that no party opposes the request.

Issue 1 A: Should the following proposal to dispose of \$25 million for Southern Bell be approved?

a) SBT's proposal to implement the Extended Calling Service (ECS) plan pursuant to the tariff filed on May 15, 1995. (T-95-304)

Primary Recommendation: No. Southern Bell's proposal to implement the Extended Calling Service (ECS) plan pursuant to the tariff filed on May 15, 1995 (T-95-304) should be denied. In addition, the supplemental routes filed by Southern Bell on July 27, 1995 should also be denied.

Alternative Recommendation: Southern Bell's Extended Calling Service (ECS) plan contained in its May 15, 1995 filing, as supplemented by the additional 36 one-way routes in Exhibit 5, should be approved, effective January 1, 1996, and considered basic service. Further, during the period beginning October 1, 1995 through December 31, 1995, Southern Bell should be required to make the appropriate refund in compliance with the Stipulation (Order No. PSC-94-0172-FOF-TL). The Commission should revisit its decision in Docket No. 921193-TL and require implementation of the Palm Beach County ECS routes on January 1, 1996. Pay telephone providers shall charge end users \$.25 per message and pay the standard interconnection charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry.

Issue 1 B: Should the following proposal to dispose of \$25 million for Southern Bell be approved?

b) CWA's proposal to reduce each of the following by \$5 million:

1. Basic "lifeline" senior citizens telephone service;
2. Basic residential telephone service;
3. Basic telephone service to any organization that is non-profit with 501(c) tax exempt status;
4. Basic telephone service of any public school, community college and state university;
5. Basic telephone service of any qualified disabled ratepayer;

Recommendation: No. The Commission should not adopt CWA's proposal. The costs of setting up and administering the rate categories that CWA proposes would outweigh the social benefits. To apply small reductions to the basic rates of selected residential and business customers in this way would therefore be an inefficient use of the funds available.

Issue 1 C: Should the following proposal to dispose of \$25 million for Southern Bell be approved?

c) McCaw's and FMCA's proposal that a portion be used, if necessary, to implement the decisions rendered in DN 940235-TL.

Recommendation: No. McCaw's concerns do not need to be addressed in this case. First, to the extent that the new statute prohibits implementation of any of the Commission's decisions in DN 940235-TL, that fact cannot be overridden by any decision made in another proceeding. Second, if the Commission determines that the flowthrough should be continued, it can order SBT to do it without requiring that the revenue reduction be offset in this case.

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Issue 1 D: Should the following proposal to dispose of \$25 million for Southern Bell be approved?

d) Any other plan deemed appropriate by the Commission.

Recommendation: The Commission should approve a plan which implements only 70 of the 288 ECS routes proposed by Southern Bell. Implementation of these 70 ECS routes would represent \$10,013,005, including a stimulation factor of 50%, in revenue losses. These ECS routes are listed in Table 1 of staff's memorandum dated August 31, 1995. The remaining \$14,986,995 from the \$25 million should be used to reduce PBX trunk rates and DID rates. The recommended rate reductions and new rates for PBX and DID are provided in Table 2 of staff's memorandum.

Issue 2: If the Southern Bell proposal is approved, should the Commission allow competition on the Extended Service Calling routes? If so, what additional actions, if any, should the Commission take?

Recommendation: Yes, competition should continue to be allowed on any and all ECS routes approved in this docket. When resale and interconnection rates are established, either by negotiations among the parties or by this Commission, this will resolve the imputation issue. If the statute is interpreted as requiring imputation for non-basic services, then a resale or interconnection rate, which is required to cover the LEC's costs (see Section 364.162(4) & (5)), be below the retail rate, and not be so high as to serve as a barrier to competition (see Section 364.162(5)), would adequately address all the concerns that imputation requirements address. There is no further need to address imputation in this docket. The Commission should take no additional action.

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Issue 3: When should tariffs be filed and what should be the effective date?

Recommendation: Tariffs should be filed on November 1, 1995 to implement the Commission's decision in Issues 1 a), b), c) or d) (including any combination thereof), and Issue 2 to become effective on January 1, 1996. Refunds should be made in accordance with the Settlement Agreement from October 1, 1995 through December 31, 1995.

ISSUE 4: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open to continue to implement the agreement approved by the Commission in Order No. PSC-94-0172-FOF-TL.