

FILE

NANCY B. WHITE
Assistant General Counsel-Florida

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(305) 347-5558

July 22, 1997

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: 970808-TP (St. Joseph) InterLATA Access Subsidy

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunication, Inc.'s Revised Petition to Remove InterLATA Access Subsidy, which we ask that you file in the captioned matter.

BellSouth is filing this revised petition in response to the Motion to Dismiss filed by St. Joseph. Although BellSouth denies that its original petition should have contained the procedural technicalities cited by St. Joseph, BellSouth would like to move this matter forward. Therefore, BellSouth has acquiesced to the demands of St. Joseph in BellSouth's revised Petition, thereby making St. Joseph's motion moot.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,
Nancy B. White (KR)
Nancy B. White

- ACK _____
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG _____
- LIN _____
- OPC _____
- ROH _____
- SEC _____
- WAS _____
- OTH _____

Enclosures

cc: All parties of record
A. M. Lombardo
R. G. Beatty
William J. Ellenberg II

DOCUMENT NUMBER-DATE

07374 JUL 22 97

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of BellSouth Telecommunications,) Docket No.: 970808-TP
Inc., for removal of St. Joseph Telephone and)
Telegraph Company's interLATA access subsidy) Filed: July 22, 1997

**BELLSOUTH TELECOMMUNICATION, INC.'S
REVISED PETITION TO REMOVE INTERLATA ACCESS SUBSIDY**

BellSouth Telecommunications, Inc., ("BellSouth"), files its revised petition seeking that the Florida Public Service Commission (the "Commission"), pursuant to Rule 25-22.036, Florida Administrative Code, to remove the interLATA access subsidy received by St. Joseph Telephone and Telegraph Company ("St. Joseph"), and as grounds in support of this petition states as follows:

1. BellSouth is a telephone company lawfully doing business in the State of Florida, the regulated operations of which are subject to the Commission pursuant to Chapter 364, Florida Statute.

2. BellSouth's principal place of business in Florida is 150 W. Flagler Street, Suite 1910, Miami, Florida, 33130.

3. Pleadings and process in this matter may be served upon:

Robert G. Beatty
Nancy B. White
c/o Nancy Sims
BellSouth Telecommunications, Inc.
150 W. Monroe Street, Suite 400
Tallahassee, FL 32301

4. St. Joseph Telephone and Telegraph Company is a telephone company lawfully doing business in the State of Florida. St. Joseph's

DOCUMENT NUMBER-DATE

07374 JUL 22 97

FPSC-RECORDS/REPORTING

municipal place of business in Florida is 502 Fifth Street, Suite 400, Port St. Joe, Fla. 32456. St. Joseph's registered agent for service of process is Mark R. Ellmer, 502 Fifth Street, Suite 400, Port St. Joe, Fla 32456.

5. Pursuant to Commission Order No. 14452, issued June 10, 1985 and attached hereto as Exhibit 1, the pooling system of access subsidies was discontinued and bill and keep was instituted. To ease the transition from the pooling environment to the bill and keep environment, a temporary subsidy pool was established.

6. As stated in Order 14452, Docket 820537, issued June 20, 1985:

The basic purpose of going to bill and keep was to eliminate the subsidies inherent in the pooling system. The subsidy pool was designed to keep LEC's whole in the transition from pooling to bill and keep. It was never envisioned that the access subsidy would be permanent. It was intended to last only until the Commission was presented with an opportunity to address each company's particular circumstances either through a rate case or other proceeding.

7. The Commission has consistently followed this policy (See attached Exhibits 2 (Order 15327), 3 (Order 19692), 4 (Order 21954), 5 (Order 95-0486), 6 (Order No. 22284) and 7 (Order 95-0426). All interLATA subsidiaries have been eliminated except for St. Joseph.

8. This subsidy payment provides St. Joseph revenues that would otherwise be shared at a 60% level with BellSouth's customers if BellSouth's earnings reached the sharing level prescribed by this Commission. Based on these facts, it is logical that the subsidy should end.

9. On June 25, 1996, St. Joseph filed its notice of price regulation pursuant to Florida Statutes 364.051. By Commission Order No. 96-1108-FOF-TL, issued August 29, 1996, as amended in Order No. 96-1108A-FOF-TL, issued September 5, 1996, St. Joseph's election of price regulation was approved. Accordingly, effective June 25, 1996, St. Joseph became subject to the price regulation provisions set forth in Florida Statute 364.051.

10. BellSouth believes it is in the best interest of the public to eliminate this subsidy payment to St. Joseph on an expedited basis in order to provide the potential sharing benefit to BellSouth's customers.

WHEREFORE, BellSouth respectfully requests that the interLATA access subsidy be eliminated as soon as possible and the authority granted to St. Joseph to receive amounts from the subsidy from BellSouth cease.

Respectfully Submitted this 22nd day of July 1997.

BellSouth Telecommunications, Inc.

Nancy B. White (KR)
Robert G. Beatty, Esq.
Nancy B. White, Esq.
c/o Nancy H. Sims
150 S. Monroe St., Suite 400
Tallahassee, Fl. 32301
(305) 347-5555

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Intrastate access charges)
for toll use of local exchange)
services.)

DOCKET NO. 820537-TP
ORDER NO. 14452
ISSUED: 6-10-85

The following Commissioners participated in the disposition of this matter:

JOHN R. MARKS, III, Chairman
JOSEPH P. CRESSE
GERALD L. GUNTER
KATIE NICHOLS

APPEARANCES: DAVID B. ERWIN, Esquire, Mason, Erwin and Horton, 1020 East Lafayette Street, Tallahassee, Florida 32301, on behalf of Northeast Florida Telephone Company, Inc., Indiantown Telephone System, Inc., Gulf Telephone Company, Southland Telephone Company, Quincy Telephone Company, Continental Telephone Company of the South-Florida, St. Joseph Telephone and Telegraph Company, Florida Telephone Company, Inc., and Vista-United Telephone Communications.

WILLIAM B. BARFIELD, Esquire, 666 Northwest 79th Avenue, Miami, Florida 33126, and R. DOUGLAS LACKEY, Esquire, 675 West Peachtree Street, Atlanta, Georgia 30308 on behalf of Southern Bell Telephone and Telegraph Company.

ALAN M. BERG, Esquire, Post Office Box 3275-5000, Altamonte Springs, Florida 32715, on behalf of United Telephone Company of Florida.

THOMAS R. PARKER, Esquire, Post Office Box 110, Tampa, Florida 33601, on behalf of General Telephone Company of Florida.

JOHN P. FONS, Esquire, Aurell, Fons, Radey and Hinkle, Suite 1000, Monroe-Park Tower, P. O. Box 10154, Tallahassee, Florida 32302, and ROBERT J MCKEE, Esquire, 1200 Peachtree Street, Northeast, Atlanta, Georgia, 30357, on behalf of AT&T Communications of the Southern States, Inc.

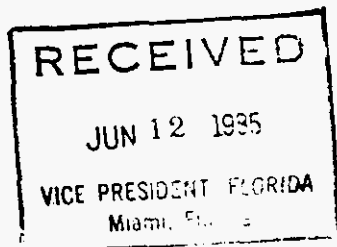
RICHARD MELSON, Esquire, Hopping, Boyd, Green and Sams, Post Office Box 6526, Tallahassee, Florida 32302, on behalf of MCI Telecommunications Corporation.

PATRICK K. WIGGINS, Esquire, Suite 301, Exchange Building, Tallahassee, Florida 32301, on behalf of United States Transmission Systems.

BRUCE RENARD, Esquire, Messer, Vickers, Caparello, French and Matson, Post Office Box 18876, Tallahassee, Florida 32302, on behalf of GTE Sprint Corporation.

LEE L. WILLIS, Esquire, Post Office Box 391, Tallahassee, Florida 32302, on behalf of Central Telephone Company of Florida.

WILLIAM BECK, Esquire, Room 452, Larson Building, Tallahassee, Florida 32301, on behalf of the State of Florida Department of General Services.



RECEIVED
JUN 10 1985
10:00 AM

EXHIBIT 1

DANIEL R. LOFTUS, Esquire, Watkins, McGugin, McNeilly and Rowan, 18th Floor, First American Center, Nashville, Tennessee, 37238, on behalf of Florida Ad Hoc Telecommunications Users Committee.

JAMES E. WHARTON, Esquire, Suite 300, 100 West Lucerne Circle, Orlando, Florida 32802, on behalf of Microtel, Inc., Lasernet, Inc., and Suntel, Inc.

MICHAEL WILSON, Esquire, Office of the Public Counsel, 202 Blount Street, Tallahassee 32301, on behalf of the Citizens of the State of Florida.

NOREEN DAVIS, Esquire, 101 East Gaines Street, Tallahassee, Florida 32302, on behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, 101 East Gaines Street, Tallahassee, Florida 32301, Counsel to the Commissioners.

TABLE OF CONTENTS

	<u>Page</u>
I. BACKGROUND	3
II. STIPULATION ON BHMOC CHARGES	4
III. ACCESS CHARGE REVENUE LEVEL	5
IV. SWITCHED ACCESS CHARGES	5
A. TOD Rates	5
B. InterLATA FX Charges	6
C. FGA to Resellers	7
V. SPECIAL ACCESS	7
A. Structure and Rates	7
B. Leaky PBX	9
VI. BILLING AND COLLECTION	10
VII. DIRECTORY ASSISTANCE	10
VIII. COIN RATE	11
IX. BILL AND KEEP OF ACCESS CHARGES	11
A. Bill and Keep of Access Charges	11
B. Company Records	15
X. LOCAL RATES	15
XI. TARIFFS AND IMPLEMENTATION	15
ORDERING PARAGRAPHS	16
APPENDIX I	18
APPENDIX II	23
APPENDIX III	26
APPENDIX IV	4

ORDER IMPLEMENTING ORDER NO. 13934

BY THE COMMISSION:

I. BACKGROUND

By Order No. 11551, issued January 26, 1983, we initiated this proceeding to explore and implement an intrastate access charge structure that would compensate the local exchange companies (LECs) for the use of their local facilities to originate and terminate long distance (toll) traffic within Florida. By Order No. 12765, issued December 9, 1983, as amended by Order No. 12765-A, issued December 22, 1983, we established intrastate access charges, to be effective January 1, 1984.

From the outset, our primary goal has been to set access charges that would adequately compensate the LECs for the use of their local facilities for originating and terminating interexchange carrier (IXC) traffic and to provide incentives for competition while maintaining universal service. Our access charge structure does not contain a flat rate charge to the end user (CALC), and seeks to minimize disruption for customers while providing an opportunity for LECs to maintain reasonable earnings levels without increasing local rates.

We recognized in our access charge orders that all of the goals we sought to achieve in transitioning to the new environment in telecommunications could not be implemented immediately. Those requiring deferred implementation were the establishment of Equal Access Exchange Areas (EAEAs), time of day (TOD) pricing for access charges, tapered and bulk discount or contract rates for large users of WATS and special access services, respectively. Bypass technologies and the economies of bypass required further study; implementation of access charges for resellers was deferred; the resale of toll service from coin telephones, presubscription and interLATA/territory default traffic required further study, as did changing from a pooling environment to a bill and keep system.

Subsequently, we placed \$31 million under corporate undertaking, subject to refund with interest, to reflect the increase in the Busy Hour Minute of Capacity (BHMOC) Charge to \$7.57. This was brought about by Southern Bell Telephone and Telegraph Company's (Southern Bell) petition for reconsideration of that issue because of its understatement of industry revenues.

The billing and collection procedures established in Order No. 12765 were readressed and a stipulation was reached by the parties and accepted by this Commission. The LECs were permitted to purchase the accounts receivable of the IXCs for whom they bill. The message rate and inquiry rate were unbundled also. The EAEA issues were addressed at hearing in June, 1984, resulting in the establishment of 22 EAEAs and coterminous toll transmission monopoly areas.

Hearings were held in September, October and November, 1984, to address the unresolved issues. As a result of the Fall 1984 hearings, we filed a unified state/federal access charge tariff with the FCC for approval as an experiment for state administration of unified access charges under federal guidelines. We also adjusted the estimate of the 1984 access charge revenue level to account for the \$13.2 million refund in BHMOC charges and the change in the Gross Receipts Tax law. We also approved plans for phasing-out the discount for less than equal access, for the treatment of default traffic.

presubscription, and directory assistance. We decided to implement bill and keep for access charges which witnesses for all LECs testified could be implemented on January 1, 1985. Subsequent to the hearings, we were informed that implementation could not occur on January 1, 1985. Accordingly, by Order No. 14147, we stated that implementation would be delayed until June 1, 1985. The companies filed revisions to the revenue and customer impact data required by Order No. 13934, up to and including the May 9, and 10, 1985 hearing scheduled to verify the data needed for implementation of our decisions.

Also subsequent to our Fall 1984 hearings, AT&T Communications of the Southern States, Inc. (ATT-C) filed a Petition for Emergency Relief which resulted in our placing \$20,530,000 of BHMOC charge revenues under corporate undertaking, subject to refund with interest, pending hearing. A stipulation was brought to us during the May 9, 1985 hearing which we accepted as discussed below.

Although we have been addressing the complex issues surrounding access charges for two and one-half years, there are still unresolved issues, such as implementation of bill and keep for LEC toll revenues, which we will address in a subsequent hearing.

II. STIPULATION ON BHMOC CHARGES

ATT-C filed a Petition for Emergency Relief in this docket, alleging that its fully adjusted actual results for 1984 based on existing tariffs, show a negative return on intrastate interLATA rate base of 9.91%, and arguing that these results show that the switched access tariff rates produce charges in excess of ATT-C's ability to pay. ATT-C requested immediate implementation of the \$.25 Directory Assistance (DA) charge, a reduction in the access revenue requirement to reflect the reduction in DA related access charge revenues, and immediate implementation of the switched access tariffs filed by the LECs with a revision to the BHMOC charge as proposed by ATT-C. We denied the request as it related to implementation of DA charges, reduction in access revenue requirement and immediate implementation of switched access charges. However, after reviewing the information before us, we determined that after adjusting for errors in estimates in last year's proceeding, there was still an error needing our attention. In comparing the data contained in Exhibit 2-40-W, upon which we based many decisions in last year's proceeding, with the actual unaudited data presented by ATT-C in its Emergency Petition, there was a variance of \$20,530,000 in favor of the LECs. We stated that if in fact we had had data during our last proceeding which resulted in a windfall to the LECs, it was an error we should correct. Thus, on March 5, 1985, we placed \$20,530,000 of BHMOC charge revenues under bond or corporate undertaking, subject to refund, pending hearing in September.

Subsequently, on April 5, 1985, ATT-C filed a Motion for Expedited Hearings on this issue. Since we previously had scheduled a hearing in May to address implementation of our decisions contained in Order No. 13934, it was decided to include the issues relating to the \$20,530,000 held subject to refund at that hearing.

During the May 9 hearing, ATT-C and Southern Bell presented a stipulation to this Commission, resolving the issues related to the BHMOC charges and related matters for 1984. All parties either concurred in the stipulation or registered no objection to

it. Several parties filed conditional concurrences which became full concurrences after clarification by Southern Bell.

We accept the stipulation, finding that it is a fair resolution of the issues and in the public interest. Continued litigation of the issues would have resulted in additional costs to the companies, their ratepayers, and the Commission which now will not be incurred. The stipulation calls for a reduction in BHMOC charge payments by ATT-C to the LECs of \$8,777,000 on an annual basis. This reduces the BHMOC charge from \$7.57 to \$7.02, effective March 5, 1985 on a going forward basis. The difference between \$7.02 and \$7.57 will be refunded by Southern Bell for the period of March 5, 1985 to May 9, 1985 to ATT-C and all other IXCs paying BHMOC charges.

The stipulation also reflects the results of the agreement between ATT-C and General Telephone Company of Florida (General) to reduce the BHMOC billing units to be charged to ATT-C by General on a going forward basis. It also resolves disputes over revenues associated with the billing and collection services which became effective October 1, 1984 and January 1, 1985, and the Feature Group A (FGA) billing by Southern Bell to ATT-C for 1984. The stipulation sets forth the actual intrastate interLATA toll revenues received by ATT-C in 1984, the actual intrastate access charge revenues collected from ATT-C, and the lease revenues received by the LECs from ATT-C in 1984. The stipulation is set forth in Appendix I to this Order and is incorporated herein.

III. 1984 LEVEL OF ACCESS CHARGES

In Order No. 13934, the estimated level of access charge revenues on an industry basis was established at \$429,515,000, less adjustments for the \$13.2 million refund and the change in the Gross Receipts Tax (GRT) law.

Evidence submitted at the May 9, 1985 hearing by Southern Bell as pool administrator, showed the 1984 access charge revenues at \$454,963,000 as of April 24, 1985. At the hearing, most parties agreed with this total revenue figure, but those companies with annual cost studies, (Alltel Florida, Inc., Quincy Telephone Company, Continental Telephone Company of the South-Florida, Florida Telephone Company, Northeast Florida Telephone Company, St. Joseph Telephone and Telegraph Company and Vista-United Telecommunications), offered changes in their individual company numbers as reflected in Exhibit 4-40-J-1. However, any shifts that might occur would affect only the distribution of the \$454,963,000 figure and not change the total magnitude of that figure.

Thus, we find it appropriate to establish the 1984 access charge revenue target at \$454,963,000.

IV. SWITCHED ACCESS RATES

Based on the 1984 level of access charge revenues we have just established (\$454,963,000), we find it appropriate to change both switched and special access charge rates for 1985 to enable the industry to achieve \$431,419,000 when implementing Order No. 13934. This figure reflects adjustments for the GRT and the stipulation discussed in Section II. Special access rates will be discussed in Section VI of this Order.

A. TOD RATES

The proposed switched access rates which we hereby approve, implement our policy decision to initiate time of day pricing for

all originating switched access elements. They were developed using the National Exchange Carrier Association (NECA) rates as a starting point and were reviewed and verified by all LECs at hearing. No parties objected to the corrected rates and units contained in Exhibit 4-40-H-1 which sought to capture the latest, most accurate data submitted by the companies either through filings made prior to the hearing or through data submitted at the hearing.

Implementation of these TOD sensitive rates will incorporate our finding in Order No. 12765 that TOD pricing of access is appropriate and necessary to provide incentives to utilize network facilities during off-peak periods. We recognize that this implementation results in some average interLATA calls being unprofitable in that the switched access charges paid are greater than the Message Toll Service (MTS) revenues received. However, the total revenues generated by MTS service greatly exceed access charges. We do not believe that we should delay implementation of the revised access charges because a small number of calls, relatively speaking, are unprofitable.

We note that, effective June 1, 1985, the FCC is implementing its customer access line charge (CALC), which will result in lowering the NECA carrier common line element, a switched access charge element. Since our switched rates are based on the NECA rates, we believe we should closely monitor FCC-approved access rate changes to avoid any development of gross differences between interstate and intrastate access charges.

Our BHMOC element remains a residually priced element, although we believe it may be appropriate in the future to convert it to an independently determined element once all phases of our access plan can be implemented. This matter will be addressed at the September hearing.

The new switched access charge rates are set forth in Appendix II.

B. INTERLATA FX CHARGES

In Order No. 13934, we directed the companies to file the revenue impact of eliminating the B-1 or PBX trunk rate from the FX rate structure because no evidence of the impact had been presented during that proceeding. We stated it would be premature to restructure FX service without this information. In the unified tariff proposal submitted to the FCC, the end user was assessed the FGA access charge instead of the B-1 rate at the open end connection at the foreign exchange.

We have reviewed the impact data filed by the parties in this proceeding. It shows that a \$4,431,698 reduction in access charge revenues on an interLATA basis would occur if FGA access charges are assessed to the FX customer at the discounted FGA rate. Not all companies included in their filing the additional local revenues that would be lost as a result of eliminating the B-1 or PBX rate at the open end. We believe this information is important to consider before any restructuring occurs. Therefore, those companies which did not file this data previously, should do so within 30 days of the date of this Order. Thus, we will make no decision at this time on restructuring FX to charge FGA access charges directly to FX customers. We will retain the charges as they currently exist and address this issue further at the September hearing.

C. FGA CHARGES TO RESELLERS

Currently resellers are not being charged access charges but are being charged WATS or MTS rates plus the PBX trunk rate. In Order No. 12765, we found that access charges are appropriate for resellers but that no access charges should be applied in 1984. In our unified tariff proposal, we approved inclusion of FGA charges on the resellers' line side access in lieu of the PBX trunk rate. In Order No. 13934, we stated our concern that imposition of FGA usage based charges may affect the financial viability of the resellers. We received no evidence in that proceeding on the specific revenue impact to resellers. Further, we stated it would be inappropriate to decide the issue of replacing the PBX trunk rate with FGA access charges until we decided the issues before us in the WATS docket (Dockets Nos. 830489-TI and 830537-TL).

Most, but not all, companies submitted specific reseller units for our review. We do not have data on the PBX revenue currently generated by resellers. Further, while we have completed our hearing in the OUTWATS portion of our WATS proceeding, our vote on the WATS issues is not scheduled until July 1, 1985. Thus, we will not make a determination on the implementation of FGA charges to resellers at this time. We will address this issue at a subsequent time.

We do, however, direct the LECs to file complete revenue and customer impact data for resellers, including PBX revenues and estimated FGA revenues. This data is to be filed ninety (90) days from the date of this Order.

V. SPECIAL ACCESS

A. Structure and Rates

In Order No. 13934, we stated that the special access tariff approved for inclusion in the unified tariff proposal generally appeared reasonable, but did not contain bulk rate discounts for other than high capacity offerings. Therefore, we directed that an intrastate special access tariff be filed by January 31, 1985, consistent with the structure included in the unified tariff, which included bulk rate discounts for other than high capacity offerings. We also ordered the filing of a mandatory measured/message rate service to assure that subscribers are not using private lines to complete long distance calls. We also stated that a \$31,359,637 increase in special access revenue requirement appeared reasonable. We further directed that customer impact data be filed with the tariff.

We required ATT-C to submit a simultaneous tariff filing to reflect changes in the interexchange portion of special access provided by them, and to include measurement of their interexchange mileage from point of presence (POP) to POP rather than rate center to rate center. We also stated that, if switched access charges are reduced by the amount special access is increased, ATT-C should also reduce its interexchange mileage rates by the same amount, but not below cost.

In conclusion, we found it appropriate for special access to be billed to the end user and not to the IXC.

All LECs and ATT-C requested an extension of time to file the tariffs. Generally, the LECs' requests were based on the difficulty in preparing the customer impact data. ATT-C's request was based on the fact that for its portion of the filing,

it must rely on information supplied to it by the LECs. The extensions were granted by Order No. 14147. The LECs' extensions were for various periods of time, with the latest date extending to March 31. ATT-C sought four weeks' time after receipt of the last data.

The special access tariff filed by Southern Bell on behalf of the LECs contains unbundled rates and bulk rate discounts consistent with our policies set forth in Order No. 13934. As a result of the unbundling, the station terminal element, for example, is disaggregated to reflect the special access line (local loop), special transport (central office equipment and interoffice channel mileage), access connection (local loop) and facility interface (interface equipment). Unbundling the station terminal results in partial implementation of our decision to bill the end user for, in this instance, facilities used from its premises to the IXC's POP. To complete our intended implementation and, to avoid overcharging the customer, the IXC must then charge the customer for the POP to POP portion.

The bulk rate discounts were designed to disregard the unusual or special situations such as the State of Florida's SUNCOM network and to treat the rest of the market as a declining cost market. The bulk rate discounts apply only to complete channels. They apply to the access connection, special transport, special access line and network interface equipment monthly recurring rate elements. The breakpoints for the discounts are 25% for 13-18 channels, 35% for 19-24 channels and 40% for 25 or more channels.

We find that the structure of the proposed special access tariff filed by Southern Bell on behalf of the LECs should be approved. Not only is it consistent with our policy decisions, but it allows for the implementation of bill and keep and sends a better price signal to the customers than exists under the current structure.

The channel services tariff filed by ATT-C, did not contain an overall reduction in interexchange mileage rates. It also did not contain the anticipated \$31 million revenue decrease. It did, however, contain numerous structural changes not requested in Order No. 13934 most important of which was the elimination of existing discount rates for TELPAK. The mileage bands were also restructured. Though ordered to restructure its channel mileage charges POP to POP, the filing contained a restructure based on central office to central office. At hearing, a witness for ATT-C testified that ATT-C intends its central offices to be its POPs in the LATAs. Thus, we find that these central office to central office mileage measurements should be implemented at this time.

The overall result of ATT-C's filing was an increase of approximately \$2.8 million. Because ATT-C's proposed channel service's tariff is not consistent with the intent contained in Order No. 13934, we find it should be rejected except for the central office to central office mileage (i.e., POP to POP) measurements. This portion must be implemented so ATT-C can give the mileage measurements to the LECs for billing purposes. Otherwise, ATT-C shall continue to use the structure and rates it currently has in effect.

As discussed previously, our stated intent in Order No. 13934 was to have a targeted increase in special access revenue of \$31,359,637. In designing rates to generate the \$31,359,637, the proposed Southern Bell industry special access tariff generate

\$32,947,917. These proposed rates, when taken in conjunction with ATT-C's proposed rates, result in too large of an increase to those customers who are most likely to bypass the LEC network. While we recognize the need to reprice special access rates, which all witnesses agreed are generally underpriced, we do not believe the proposed rates as filed, when taken together, are appropriate. Thus we reject the rates contained in the proposed LEC special access tariff filed by Southern Bell and in the proposed channel services tariff filed by ATT-C.

For use in developing customer impact data, we asked the companies to show the impact of the rates necessary to generate the \$31,359,637 for five large customers, five medium customers, and five small customers. As indicated in Exhibit 4-197-D prepared by Southern Bell Witness Price, this resulted in an average increase for those customers of 196.37%. The exhibit also showed the impact of a 25% revenue increase, which resulted in a 19.63% average increase to those customers. Since we are rejecting the proposed rates as filed for the reasons stated above, but we also agree with the witnesses that special access rates are generally too low, we find it appropriate to increase overall interLATA special access revenues by 25%. This is anticipated to result in an increase in revenues to the LECs of \$3,263,912. We believe that special access rates should not be in excess of the FCC-approved interstate rates for the LECs so as to act as a deterrent to "jurisdiction shopping."

ATT-C should refile its rates to include existing discounts and to reflect decreases (but not below cost) equal to the \$31,359,637 as originally set forth in Order No. 13934, and restructure accordingly. In refiling its rates, ATT-C should be mindful of this Commission's bypass study which shows that while single channel rates should be increased because they are underpriced, large volume channel rates should be reduced.

Further, because the 25% increase does not accomplish the \$31,359,637 increase we originally intended, we find it appropriate to change the BHMOC charge to \$7.07. It is anticipated that the BHMOC charge will be reduced considerably if ATT-C's refiling of its channel services tariff is consistent with our structure set forth above and in Order No. 13934. We note that special access charges are applicable anytime private line facilities connect to an IXC.

The special access rates we are approving are set forth in Appendix III.

B. "Leaky PBX"

In Order No. 13934, we imposed mandatory measured/message rate service on IXCs' customers to assure they are not using private lines to complete long distance calls over the switched network; i.e., that they do not have a "leaky PBX." The rate is \$.12 per message or \$.03 per minute, plus the respective LEC PBX rate. The Order further stated that the charge could be avoided if a customer were to certify that long distance calls are not completed over private lines. This certification can occur presently by the customer certifying in writing that he or she does not use the private line to access the local network.

Witnesses for the LECs testified that the impact data they filed was based on a scenario whereby no customers certified that they were not "leaking," thus, its accuracy is questionable. Most LEC witnesses stated that a more realistic assumption would be that approximately 80% of the customers would certify, based

on their experience in the interstate market. Further, Witness Pierce for the State of Florida Department of General Services indicated that the local message and minutes of use estimates generated by Southern Bell may be understated because average local calling volume for all PBX traffic was used instead of using a specific call volume representative of that used by the customers included in the study.

Thus, we will address in September issues related to certification and the appropriateness of the rates charged.

VI. BILLING AND COLLECTION

The existing rates for billing and collection reflect the reductions ordered in Order No. 13934 and implemented January 1, 1985, to adjust for the \$13.2 million refund and the revision to the Gross Receipts Tax law. The reduction also was to serve as an incentive for ATT-C to continue using LEC billing and collection services rather than establishing its own. If ATT-C did establish its own billing and collection services, the revenue loss to the LECs would be that much less because of the reduction. We still believe substantial benefits would accrue to the ratepayers if they received only one "phone bill."

We do not intend to make any changes to the billing and collection rates at this time but will address the question of the feasibility of further reductions at the September hearing.

VII. DIRECTORY ASSISTANCE

In Order No. 13934, we set forth our DA plan which contained three primary elements. First, originating access charges would no longer be applied to Home Numbering Plan Area (HNPA) interLATA and Foreign Numbering Plan Area (FNPA) DA calls. Second, the terminating access charge was reduced from \$.4963 to \$.25 and applied only to FNPA DA calls. Third, a \$.25 charge to the end user for use of DA was established which would be retained by the LEC for all HNPA calls and by the IXC for all FNPA calls. LEC end user revenues would be split into revenues from a customer dialing 411 (or 311 or 611) and revenues from a customer dialing 1+555+1212. A three call allowance was established on all 411, 311, or 611 calls.

All revenues for FNPA calls would be billed and kept by the carrier. An IXC could provide call allowances or toll matching in a tariff filing if it so wished. Having reviewed the impact data submitted by the LECs and ATT-C, we believe our plan should be implemented as originally designed on July 1, 1985. This will provide the companies with an opportunity to notify their customers in advance of implementation of the charge.

The net estimated revenue effect of the DA plan assuming a 30 percent repression level is \$16,803,805 additional revenues for the LECs and \$16,235,191 for ATT-C. While all parties agreed repression was appropriate to consider, not all agreed on the 30 percent level. Those who suggested a different level, did not submit any studies to support their repression factor. Thus, we do not find it inappropriate to assume a 30 percent repression in calculating the revenue effect of the DA plan.

At the September hearing, we will address the issues of reswitched calls and double billing which have become apparent during this proceeding.

VIII. COIN RATE

As a result of our investigation into the desirability of a statewide uniform coin rate, Docket No. 810260-TP, we determined a uniform \$.25 rate on a statewide basis was appropriate. We further determined that the \$.25 rate should be implemented either through a company's next rate case or when we address the revenue requirements of a company as a result of determining access charges. In Order No. 13934, in this docket, we determined that the public paystation local deposit rates should be increased to \$.25 statewide and that the resulting revenue increase would be used to offset the effects of implementing bill and keep for access charges.

The companies filed their respective revenue impacts that would result from increasing the paystation rate. Some companies filed their revenue estimates containing a repression factor. Other companies, at hearing, stated repression should be recognized for their companies if the Commission approved a repression factor. No parties, however, filed a study or workpapers to support a repression factor. The repression estimates filed by most companies were generally characterized as "judgment calls." Since the estimates vary widely and are not substantiated by evidence in the record, we do not find it appropriate to accept any of them, and we will not recognize repression in estimating the effects of implementing the \$.25 public paystation rate. The estimated revenue effect of implementing the \$.25 rate on an unrepressed basis is \$20,663,313 for the LECs. We find it appropriate to implement the \$.25 rate on July 1, 1985.

IX. BILL & KEEP OF ACCESS CHARGES

A. Bill & Keep of Access Charges

In Order No. 12765, issued December 9, 1983, we established pools for exchange access and intraterritory toll revenues, recognizing that this was a short term measure until bill and keep could be implemented. In Order No. 13934 we found that it was in the public interest to institute a bill and keep system for access charges. We also found that a modified form of Southern Bell's end office responsibility plan was appropriate to implement. Since there was no agreement on how to split the joint use by two or more companies of the local transport element, we required the companies involved to divide the revenues from the local transport element on a "rough justice" approach, that is, if two LECs provide local transport, each receives 50%.

We ordered the companies to file revenue and customer impact data to reflect our decision to implement bill and keep. The data was initially submitted in January 1985, and was updated continuously, even during the May 9th hearing. We have given careful consideration to this data which is the most current and accurate data presented by the parties and which was verified at hearing. The LEC-by-LEC effect of implementing bill and keep for access charges is illustrated in Charts 1 and 2 contained in Appendix IV to this Order. The charts are a compilation of Exhibits 4-40-A-2 and 4-40-J-1 which were verified or corrected by each LEC witness at hearing. The charts reflect our intent in implementing bill and keep, which as we stated in Orders Nos. 13934 and 14232, was to keep each company in the same financial position it would have been in prior to implementing bill and keep. In other words, implementing bill and keep should result in a "wash" and should not serve as a rate case for a company. When implementing bill and keep, we would also be implementing our previous decisions regarding directory assistance and the

\$.25 uniform coin-charge statewide. The revenue effects of these two items would be taken into account in determining any subsidy or increase in local rates that may be needed as a result of implementing bill and keep of access charges.

As discussed in Section X, we will not be adjusting basic local rates at this time because all of our access plan can not be implemented presently, for example, bill and keep for LEC toll. We believe the public interest would not be served by adjusting some companies' local rates when implementing bill and keep for access charges and then adjusting those same local rates when bill and keep for LEC toll is implemented. This would result in unnecessary customer confusion. We believe the companies can be protected by our method discussed herein for implementing bill and keep of access charges without changing local rates at this time.

In calculating the effect to the LECs of implementing bill and keep, we first determined, based on the evidence submitted at the May 9 hearing, the correct level of access charges for 1984. This amount was \$431,419,000 and represents the revenue level adjusted for the change in the Gross Receipt Tax law, the General Telephone Company adjustment regarding BHMOC units discussed in the stipulation in Section II of this Order, and the ATT-C-Southern Bell stipulation also discussed in Section II. This is the target revenue level used to determine the rate level of the various access element units. No parties objected to these adjustments. These adjustments and the 1984 level of access charges are reflected in columns 5 through 10, and summarized in column 12 of Chart 1 in Appendix IV.

In Order No. 13934, we required ATT-C to file changes to its special access tariff to reflect the structural changes and unbundling of rates discussed therein. The filing was anticipated to include lower rates which would reflect the benefits received by ATT-C by the restructuring of special access rates. The proposed tariff changes filed by ATT-C instead resulted in increases in revenues. Thus, as we discussed in Section V of this Order, we will retain the present structure for ATT-C, with the exception of implementing POP to POP mileage measurements, and increase the interLATA special access revenues for LECs by 25 percent.

The new special access rates will not generate enough money to reach the target revenue. As a result, we hereby increase the BHMOC charge to \$7.07 to keep the LECs whole. This new BHMOC rate, multiplied by each LEC's total units testified to at hearing, results in the billed revenue each company should expect to receive under bill and keep. (Column 1-Chart 1, Appendix IV). We determine the respective shortfall or surplus from bill and keep for each company by subtracting column 11 (which duplicates column 4) from column 12 (shown on Chart 1, Appendix IV).

As we stated in Order No. 13934, the effects of implementing the \$.25 coin charge and our DA plan would be used to offset any shortfall when implementing bill and keep for access charges. Those amounts are reflected in Columns 2, 3 and 4 of Chart 1, Appendix IV. Even after adjusting for these additional revenues, seven LECs will still experience a shortfall. Since our stated intent is to have a "wash" when implementing bill and keep, we find that a temporary subsidy pool is required and is in the public interest. The pool will be funded by each LEC contributing a portion of the access revenue it receives for use of its local network. (Column 8, Chart 1, Appendix IV). The

SCHEDULE OF EFFECTS OF IMPLEMENTING BILL AND KEEP
 DIRECTORY ASSISTANCE, COIN, AND LOCAL RATE INCREASES
 REPRRESSED DIRECTORY ASSISTANCE
 IN 1000'S

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	
CHANGE IN REVENUE REQUIREMENTS																		
COMPANY NAME	BILL & KEEP (1)	REMOVE DA IN BILLED REVENUE	NET DA ASSIST EFFECT	.25 COIN	LOCAL INCREASE/ STATEWIDE AVERAGE	INCREASE/ DECREASE REVENUE NEEDED	PREVIOUS COMMISSION ACTION	VARIANCE TO POOL DATA PER TABLE AL-7	SUBSIDY CONTRIB.	SUBSIDY RECEIVED	TOTAL (6-7+8-9+10) (11/1.9015)	CHANGE IN NOI	AVE RATE BASE	CHANGE IN OVERALL R O R (12/13)	PROJECTED TOTAL INTRASTATE ROR	ADJUSTED OVERALL R O R (14+15)	ALLOWED R O R (FLOOR)	ALLOWED R O R (CEILING)
ALLTEL	(81,187)	2	9171	684	868	934		1,319	8113	82,366	80	88	860,604	.00001	7.141	7.141	9.761	10.401
CENTEL	8,066	80	1,053	1,624	NI	(10,663)		0	581	80	810,081	5,600	140,804	3.61132	11.121	14.731	8.891	9.111
CONTINENTAL	(1,091)	1	53	80	394	950		49	43	81,643	(80)	(8)	24,542	.00001	8.911	8.911	9.891	10.611
FLORIDA	68	0	1	1	NI	(70)		6	7	80	857	29	2,159	1.33231	5.241	6.571	7.211	8.351
GENTEL	(242)	1,093	3,309	13,860	NA	(15,034)		0	1,985	0	813,049	6,586	1,129,172	0.58321	9.741	10.321	9.781	10.551
GAF	(44)	0	137	0	125	304		0	17	320	(80)	(8)	6,510	.00001	9.911	9.911	7.971	9.271
INSTANTON	(102)	0	6	7	117	89		0	5	93	80	8	3,180	.00001	5.751	5.751	8.181	10.021
NORTHEAST	(18)	0	29	11	NI	(22)		163	6	8147	(80)	(8)	5,244	.00001	2.721	2.721	7.781	8.281
QUINCY	65	2	46	44	NA	(154)		(2)	33	0	8123	42	8,806	0.77371	9.181	9.951	9.801	9.601
ST. JOE	(878)	9	69	31	942	787		0	37	824	(80)	(8)	25,690	.00001	7.961	7.961	9.171	9.851
SOUTHERN BELL	6,006	2,260	10,497	1,470	NA	(15,785)		0	4,782	0	810,923	5,512	3,326,986	0.16571	9.231	9.401	9.801	10.781
SOUTH AND	66	0	7	5	NI	(57)		0	0	0	853	27	12,565	0.21241	2.161	2.371	7.871	7.201
UNITED	(10,120)	372	1,385	4,162	28,381	4,945	1,970	(152)	1,646	84,470	80	8	546,889	.00001	11.841	11.841	10.991	11.921
VISTA-UNITED	(267)	0	41	77	156	149		(274)	37	80	880	44	7,648	0.57731	20.851	21.631	NA	NA
TOTAL	1951	83,827	18,804	820,664	830,181	(833,545)	81,970	81,889	89,297	89,264	834,370							

APPENDIX IV
CHART 2

ORDER NO. 14452
 TICKET NO. 820537-TP
 PAGE 41

total subsidy pool is estimated to be \$9,297,000 as reflected in Column 8 (Chart 1, Appendix IV). The pool will be administered by the LEC chosen by the subsidy pool participants.

As indicated at hearing, there is a \$1,109,000 variance between the companies' booked revenue and the pooled booked revenue. We find it fair and reasonable to include this amount in the total subsidy amount of \$9,297,000 because the annual cost studies for eleven companies have not been completed or incorporated in the pool numbers and to omit this amount would not be appropriate in our view.

The subsidy will be distributed monthly and will be calculated on the basis of 1/12th of column 10 as shown on Chart 2, Appendix IV, for each company.

As previously stated, our intent in implementing bill and keep was to keep the companies in the same position they were in before bill and keep so that implementation results in a "wash" unless subsequent data warrants a different treatment. In Order No. 13934 we also stated, as an example, that if a company were earning below its authorized rate of return before bill and keep, and suffered a shortfall not completely offset by the DA and coin changes, local rates would be increased up to the achieved rate of return. From the data gathered at hearing we believe our implementation plan keeps the companies in the same financial position they would have been in if pooling had continued. We will not attempt to return them to their 1984 achieved rate of return because to do so would result in increases in local rates which we have determined to be inappropriate at this time. Also, since 1984 revenues were well above estimates and were adjusted to reflect the stipulations and GRT changes, to return companies to their 1984 achieved rate of return would result in repeating the errors that occurred in 1984 which necessitated the previously discussed adjustments, and would continue the surplus received in 1984 by LECs. Thus, we find our implementation plan to be the most fair, just and reasonable method to implement this change in industry treatment of access charge revenues and, accordingly, to be in the public interest. Doing away with pooling of access revenues is in the public interest in that the inequities inherent in pooling are being replaced with the more appropriate approach of each company keeping the revenue it receives for use of its local facilities. We recognize that discontinuance of the access pool is not complete because we have established a temporary subsidy pool. However, our implementation plan is an important first step in this complex process.

In Order No. 13624, issued August 27, 1984, we resolved an overearnings investigation of United Telephone Company of Florida. In pertinent part, the stipulation provided that the "net effect of the booking of the stipulated amount shall be to reduce the company's rate base and the revenue requirement associated therewith. Said reductions may be considered in access charge changes or other changes in intrastate revenue requirements, if necessary, prior to the Company's next rate case." Upon consideration, we find it appropriate to recognize that stipulation in our calculation herein.

Witness Reynolds for United testified that he reviewed the method of calculation shown on Exhibit 4-40-A relating to his company, in which an adjustment to recognize the overearnings addressed in Order No. 13624 was made. He testified that the adjustment was representative of the amount the company had set aside as a result of that investigation. His concern was that if

the adjustment were made in this proceeding that it not also be made in a subsequent proceeding. We agree that the adjustment should not be made twice and find it appropriate to make the adjustment to recognize Order No. 13624 at this time.

Presently, we have several separate dockets investigating possible overearnings of LECs. We find it appropriate to delay any receipt of subsidy by those companies involved in overearnings investigations until the investigations are completed. We believe it would not be logical to provide a subsidy to a LEC that is in an overearnings position; thus, our decision to delay subsidy payments to the involved companies.

Accordingly, Appendix IV, Chart 2, Column 10, shows the subsidy that United would receive if we were not conducting an investigation into its overearnings at this time. However, consistent with our decision to delay certain subsidy payments, this subsidy payment will be held in abeyance until the conclusion of the overearnings investigation. If the investigation results in United needing a lesser subsidy or no subsidy at all, then the amount contributed to the subsidy pool would be adjusted for the effect of the overearnings investigation and the difference would be refunded. Also, all subsidy pool contributions and receipts are subject to refund.

For those companies experiencing a surplus from the implementation of bill and keep we find it appropriate to apply those surpluses to depreciation reserves, or to the cost of equal access. For companies like Florida and Southland that have exchanges overlapping the Florida State boundary and whose accounting systems do not present Florida-only data, the surplus could be applied to the development and implementation of accounting system changes. Southern Bell may use part of its surplus to replace the stipulated amount it agreed to in its agreement with ATT-C in resolution of the divestiture-related surcharge in Docket No. 820263-TP.

Although we presently receive monthly settlement reports regarding the pools from Southern Bell as pool administrator, we find that a separate monthly report is necessary to reflect the final settlement of the access pool which should contain all 1984-related adjustments. This is necessary to ensure that the 1984-related adjustments are reflected in 1984 and not in some other year. The report should also indicate the amounts of revenues, minus expenses, that were available and the percentage of that amount that each company received.

B. Company Records

To properly account for and to properly monitor the effects of implementing bill and keep for access charges, we find it appropriate for the LECs to either jointly or individually develop accounting procedures and subaccounts to accurately reflect the following:

- 1) the final 1984 access pool settlement;
- 2) the access charge revenues, gross and net directory assistance revenues, coin revenues and subsidy contributions and receipts;
- 3) the accrued interest on the surplus resulting from implementing Order No. 13934; and
- 4) methods used to apply the surplus.

X. LOCAL RATES

In Order No. 13934, we discussed various scenarios of company impacts that could result from implementation of bill and keep for access charges. We stated that our intent was to return each company to the same financial position it was in prior to implementing bill and keep, and we illustrated how a company experiencing a shortfall from implementation would be treated. We stated that the shortfall would be offset by the implementation of DA and the \$.25 coin rate, and that local rates would be increased to bring the company to its achieved rate of return prior to the implementation. However, we do not find it to be in the public interest to increase local rates at this time. Bill and keep for access charges is only part of the process in moving from a pooling environment to a bill and keep environment. We have yet to address the implementation of bill and keep for LEC toll. If the industry had been able to implement bill and keep for access charges and LEC toll simultaneously, then all adjustments, including any necessary to local rates, could be made simultaneously. We do not believe it appropriate to change local rates to reflect bill and keep for access charges, when they may require further change when bill and keep for LEC toll is implemented. This would only result in customer confusion. Further, the companies are protected from the detrimental effect of a shortfall, after the imposition of DA and the \$.25 coin charges by the temporary subsidy pool we have established.

XI. TARIFFS AND IMPLEMENTATION

The implementation of the policies established in Order No. 13934, as discussed herein, shall be effective on July 1, 1985. The delay from our previously stated implementation date of June 1, 1985 is to provide a time period during which the companies can notify their customers of our decisions. We will not give prior approval to the bill stuffers developed by the companies to inform their customers. We do require, however, that the companies send copies of the bill stuffers to us.

Southern Bell, on behalf of the LECs, should refile the industry access services tariff, including the special access and leaky PBX portions, to reflect all of our decisions herein.

We find that the proposed directory assistance tariffs filed by Centel, ALLTEL, Northeast, and AT&T-C, which were previously suspended by Order No. 14146, are consistent with our decisions herein and are hereby approved. We find Southern Bell's proposed DA tariff, which we also suspended by Order No. 14146, is not consistent with our decision and therefore is denied. Further, we find that all other LECs shall file tariffs consistent with our DA decision.

By Order No. 14146, we also suspended Centel's proposed tariff to implement our coin decision. We find the tariff is consistent with our decision and therefore is approved. Southern Bell, Continental and Indiantown have filed proposed tariffs which also are consistent with our coin decision and therefore are approved. We find that all other LECs shall file tariffs to reflect the implementation of the \$.25 coin rate.

By Order No. 14280, we suspended the proposed tariff revisions filed by Gulf, St. Joseph and United to increase local rates in response to our decisions contained in Order No. 13934. Those tariffs and those filed by any other companies in response to Order No. 13934 relating to proposed local rate increases are

hereby denied since we have found it inappropriate to change local rates at this time.

The LECs shall file revisions to their respective General Subscriber tariffs to reflect the implementation of our decisions relating to leaky PBXs.

The proposed channel services tariff filed by ATT-C is denied as discussed above except for that portion relating to the measurement of channel mileage. ATT-C should refile its channel services tariff as set forth in Section V.

All tariffs should be filed within ten days of our vote on these matters, that is, by May 31, 1985, with an effective date of July 1, 1985.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that each and all of the specific findings herein are approved in every respect. It is further

ORDERED that the Stipulation entered into between AT&T Communications of the Southern States, Inc. and Southern Bell Telephone and Telegraph Company on May 3, 1985, and attached to this Order as Appendix I, is hereby approved. It is further

ORDERED that the LECs shall implement bill and keep for access charges, as set forth in the body of this Order. It is further

ORDERED that there shall be a temporary subsidy pool as set forth in the body of this Order and that the pool participants will select the pool administrator. It is further

ORDERED that the local exchange companies shall either jointly or individually develop accounting procedures and subaccounts regarding implementation of bill and keep as set forth in this Order. It is further

ORDERED that local rates will not be adjusted at this time as a result of implementing bill and keep for access charges. It is further

ORDERED that this Commission's statewide directory assistance plan and the statewide uniform coin rate of \$.25 shall be implemented. It is further

ORDERED that the proposed revisions filed by Southern Bell Telephone and Telegraph Company on behalf of the LECs to the access services tariff are disposed of as set forth in the body of this Order and Southern Bell Telephone and Telegraph Company should refile the industry access services tariff, including the special access and leaky PBX portions; consistent with our decisions herein. It is further

ORDERED that time-of-day sensitive originating access charges shall be implemented. It is further

ORDERED that the approved switched access rates are set forth in Appendix II to this Order. It is further

ORDERED that the proposed revisions filed by ATT-C to its channel services tariff are denied with the exception of the portion relating to the measurement of channel mileage as set forth in the body of this Order and that ATT-C shall refile its channel services tariff consistent with this Order. It is further

ORDERED that interLATA special access revenues are hereby increased by 25 percent as set forth in Appendix III to this Order. It is further

ORDERED that the proposed tariff revisions filed by Central Telephone Company to reflect the \$.25 coin rate is consistent with our decision and, therefore, suspension is lifted and the tariff is approved. All other LECs shall file revisions to their respective General Subscriber tariffs to reflect the \$.25 coin rate. It is further

ORDERED that the proposed tariff revisions filed by Central ALLTEL Florida, Northeast Florida, and ATT-C to reflect our directory assistance plan are consistent with our decision, and, therefore suspension is lifted and the tariffs are approved. Southern Bell's proposed DA tariff is hereby denied. Those LECs without provisions in their respective General Subscriber tariffs that reflect our DA plan shall file revisions accordingly. It is further

ORDERED that the proposed tariff revisions filed by Gulf, St. Joseph and United which were previously suspended, and which seek to increase local rates in response to Order No. 13934 are hereby denied. Tariffs to increase local rates in response to Order No. 13934 that were filed by other LECs are also denied for the reasons set forth in the Order. It is further

ORDERED that all LECs shall file revisions to their respective General Subscriber tariffs to reflect the implementation of our decision relating to leaky PBXs. It is further

ORDERED that all tariffs required by this Order shall be filed by May 31, 1985. It is further


ORDERED that the parties shall file data and reports as set forth in the body of this Order. It is further

ORDERED that the companies shall notify their subscribers of our decisions herein in their respective June billings. It is further

ORDERED that our decisions to implement Order No. 13934 as set forth herein are effective July 1, 1985. It is further

ORDERED that any party adversely affected by the Commission's final action in this matter is entitled to request: 1) reconsideration of the decision by filing a motion for reconsideration with the Commission Clerk within 15 days of the issuance of this order in the form prescribed by Rule 25-22.60, Florida Administrative Code, or 2) judicial review by the Florida Supreme Court by the filing of a notice of appeal with the Commission Clerk and the filing of a copy of the notice and the filing fee with the Supreme Court. This filing must be completed within 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.

By ORDER of the Florida Public Service Commission, this 10th day of June, 1985.


STEVE TRIBBLE
Commission Clerk

(S E A L)

NSD

APPENDIX I

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Intrastate Telephone Access)
Charges for Toll Use of Local) DOCKET NO. 820537-TP
Exchange Services.)

STIPULATION

Whereas, in Florida Public Service Commission (Commission) Docket No. 820537-TP, AT&T Communications of the Southern States, Inc. (AT&T Communications) has petitioned the Commission to reduce intrastate access charges billed to it by local exchange companies (LECs) in Florida in the amount of \$22.5 million annually; and

Whereas, the Commission has entered Order No. 14233, issued March 25, 1985, which recites that it makes subject to refund revenues collected on and after March 5, 1985 through access charges in an annual amount of \$20.5 million; and

Whereas, AT&T Communications and Southern Bell Telephone and Telegraph Company (Southern Bell) have disagreed as to the amount and annual effect of certain revenues received by and charges billed to AT&T Communications during 1984 insofar as these revenues and charges relate to the establishment of future LEC rates and charges for exchange access service; and

Whereas, AT&T Communications and Southern Bell desire to resolve their aforesaid disagreements without resort to further litigation or hearings before the Commission;

Now Therefore, AT&T Communications and Southern Bell, without prejudice to the rights or positions of either party, hereby agree that:

1. For purposes of determining the appropriate level and rates to be established for intrastate access charges for 1985, and for no other purpose, AT&T Communications and Southern Bell agree that:

- (a) The intrastate interLATA toll revenue estimated in Order No. 12938 to be received in 1984 was \$534,404,000 and the amount actually received by AT&T Communications was \$533,888,000, a difference of \$516,000.
- (b) The intrastate access charge revenues estimated in Order No. 12938 to be collected by LECs in 1984 was \$406,952,000 and the amount actually collected from AT&T Communications was \$421,443,000, a difference of \$14,491,000.
- (c) The access revenues received by LECs from AT&T Communications in 1984 must be decreased by \$7,383,000 to reflect the annual effect of the agreement between General Telephone Company of Florida (GTF) and AT&T Communications reducing the billing units of Busy Hour Minutes of Capacity to be charged by GTF to AT&T Communications in 1985.
- (d) The access revenues received by LECs from AT&T Communications in 1984 must be further decreased by \$1,000,000 to reflect various rate changes for billing and collection services which became effective October 1, 1984 and January 1, 1985.

- (e) The lease revenues received by LECs from AT&T Communications in 1984 should be established at \$64,802,000, a level which is \$2,153,000 greater than the amount estimated by Order No. 12938.
- (f) Feature Group A billing by Southern Bell to AT&T Communications applicable to 1984 is established at \$9,200,000.
- (g) A combination of the figures and amounts set forth above in sub paragraph (a) through (f) inclusive, if calculated using the methodology employed by the Commission in Order No. 13934, issued December 21, 1984, will produce a reduction in BHMOC charge payments by AT&T Communications to LECs of \$8,777,000 annually.

2. AT&T-Communications and Southern Bell agree that the BHMOC charge shall be reduced by \$8,777,000 on an annual basis for all LECs effective March 5, 1985. The annual effect of this rate change agreed to herein by the parties and approved by the Commission shall be recognized for ratemaking purposes. Upon approval of this Stipulation by the Commission, all of the obligations imposed by Order No. 12938 will be dissolved.

3. AT&T Communications and Southern Bell agree that AT&T Communications shall pay a total of \$9,200,000 for all Feature Group A access services rendered by Southern Bell to AT&T Communications in 1984, this amount to be inclusive of amounts

paid heretofore by AT&T Communications to Southern Bell for Feature Group A access services, and Southern Bell shall accept that amount as payment in full for such services.

4. It is further agreed that for 1985, to the extent permitted by the Commission, Southern Bell shall continue to bill AT&T Communications for Feature Group A access services at the \$9,200,000 level agreed to for 1984 until such time as there becomes available a verifiable count of Feature Group A units, after which time the level of charges for Feature Group A will be based upon such units.

5. This Stipulation shall be submitted to the Commission for approval and is expressly conditioned upon such approval; if this Stipulation is not approved by the Commission it shall be null and void.

6. This Stipulation shall not be construed as evidencing the sufficiency or lack of sufficiency of the revenues or limiting or otherwise conclusively defining the level of expenses of either party in any determination of current or future revenue requirements.

7. Other parties to the captioned proceeding may indicate their concurrence in this Stipulation and their agreement to be bound by it to the same extent as AT&T Communications and Southern Bell by executing the form agreement attached hereto as Exhibit No. 1.

This Stipulation and Agreement is entered this 31st
day of May, 1985 by AT&T-Communications and Southern
Bell through their respective representatives who are
authorized to act herein on their behalf.

AT&T COMMUNICATIONS OF
THE SOUTHERN STATES, INC.

SOUTHERN BELL TELEPHONE
AND TELEGRAPH COMPANY

By: [Signature]

By: William B. [Signature]

Its Attorney

Its Attorney

Commission Approved
Switched Access Rates

ITEM OF SERVICE *****	RATE *****
E3. CARRIER COMMON LINE *****	
FGC ORIG-DAY	.0524
FGA (FX) ORIG-DAY	.0524
FGA (OCC) ORIG-DAY	.0341
FGA (RESELL) ORIG-DAY	.0000
FGC ORIG-EVE	.0341
FGA (FX) ORIG-EVE	.0341
FGA (OCC) ORIG-EVE	.0222
FGA (RESELL) ORIG-EVE	.0000
FGC ORIG-NIGHT	.0210
FGA (FX) ORIG-NIGHT	.0210
FGA (OCC) ORIG-NIGHT	.0137
FGA (RESELL) ORIG-NIGHT	.0000
FGC TERM-ALL PER	.0524
FGA (FX) TERM-ALL PER	.0524
FGA (OCC) TERM-ALL PER	.0341
TOTAL CARRIER COMMON LINE	
E4. BUSY HOUR MINUTE OF CAPACITY *****	
FGC BHMOC	7.07
FGA (FX) BHMOC	7.07
FGA (OCC) BHMOC	4.60
FGA (RESELL) BHMOC	.0000

ITEM OF SERVICE *****	RATE *****
(E6 - SWITCHED ACCESS)	
E.006.000.001 NETWK BLOCKIN CHG APPL > PER CALL	.0000
E6.0.1 LOCAL TRANSPORT *****	
FGC ORIG-DAY	.0160
FGA (FX) ORIG-DAY	.0160
FGA (OCC) ORIG-DAY	.0104
FGA (RESELL) ORIG-DAY	.0000
FGC ORIG-EVE	.0104
FGA (FX) ORIG-EVE	.0104
FGA (OCC) ORIG-EVE	.0060
FGA (RESELL) ORIG-EVE	.0000
FGC ORIG-NIGHT	.0064
FGA (FX) ORIG-NIGHT	.0064
FGA (OCC) ORIG-NIGHT	.0042
FGA (RESELL) ORIG-NIGHT	.0000
FGC TERM-ALL PER	.0160
FGA (FX) TERM-ALL PER	.0160
FGA (OCC) TERM-ALL PER	.0104

Commission Approved
Switched Access Rates

ITEM OF SERVICE *****	RATE *****
E6.8.2 END OFFICE *****	
FGA (FX) ORIG LS1-DAY	.0064
FGA (OCC) ORIG LS1-DAY	.0064
FGA (RESELL) ORIG LS1-DAY	.0000
FGA (FX) ORIG LS1-EVE	.0042
FGA (OCC) ORIG LS1-EVE	.0042
FGA (RESELL) ORIG LS1-EVE	.0000
FGA (FX) ORIG LS1-NIGHT	.0025
FGA (OCC) ORIG LS1-NIGHT	.0025
FGA (RESELL) ORIG LS1-NIGHT	.0000
FGA (FX) TERM LS1-ALL PER	.0064
FGA (OCC) TERM LS1-ALL PER	.0064
FGA (FX) ORIG LS1-DAY	.0064
FGA (OCC) ORIG LS1-DAY	.0042
FGA (RESELL) ORIG LS1-DAY	.0000
FGA (FX) ORIG LS1-EVE	.0042
FGA (OCC) ORIG LS1-EVE	.0027
FGA (RESELL) ORIG LS1-EVE	.0000
FGA (FX) ORIG LS1-NIGHT	.0025
FGA (OCC) ORIG LS1-NIGHT	.0016
FGA (RESELL) ORIG LS1-NIGHT	.0000
FX) TERM LS1-ALL PER	.0064
OCC) TERM LS1-ALL P	.0042

ITEM OF SERVICE *****	RATE *****
E6.8.2 END OFFICE (CONT'D) *****	
ORIG LS2-DAY	.0090
ORIG LS2-EVE	.0064
ORIG LS2-NIGHT	.0039
TERM LS2-ALL PER	.0090
FGC ORIG LINE TERM-DAY	.0079
FGA (FX) ORIG L T-DAY	.0079
FGA (OCC) ORIG L T-DAY	.0051
FGA (RESELL) ORIG L T-DAY	.0000
FGC ORIG LINE TERM-EVE	.0051
FGA (FX) ORIG L T-EVE	.0051
FGA (OCC) ORIG L T-EVE	.0033
FGA (RESELL) ORIG L T-EVE	.0000
FGC ORIG LINE TERM-NIGHT	.0032
FGA (FX) ORIG L T-NIGHT	.0032
FGA (OCC) ORIG L T-NIGHT	.0021
FGA (RESELL) ORIG L T-NIGHT	.0000
FGC TERM LINE TERM-ALL PER	.0079
FGA (FX) TERM L T-ALL PER	.0079
FGA (OCC) TERM L T-ALL P	.0051

Commission Approved
Switched Access Rates

ITEM OF SERVICE *****	RATE *****
(SWITCHED ACCESS - COM'T)	
*****DEDICATED ACCESS LINE	
TWO * WIRE	30.00
FOUR * WIRE	30.00
EXTENSION DIFF PREM	25.00
EXTENSION SAME PREM	2.20
EXTENSION DIFF BLDG	9.25
EXTENSION DIFF EXCHANGE	25.00

ORDER NO. 14552
DOCKET NO. 820537-TP
PAGE 25

APPENDIX III

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
E7.5.1. ACCESS CONNECTIONS	
2-W AC (CXR < 1/2 MI)	0.95
2-W AC (CXR > 1/2 MI)	6.75
4-W AC (CXR < 1/2 MI)	1.90
4-W AC (CXR > 1/2 MI)	13.50
DS1 ACC CONN	22.85
E7.5.2. METALLIC SPECIAL TRANSPORT	
2-WIRE - MET (0 MI)	0.00
2-WIRE - MET (0-4 MI)	0.80
- PER MILE	2.70
2-WIRE - MET (4-8 MI)	3.10
- PER MILE	2.10
2-WIRE - MET (8-16 MI)	3.10
- PER MILE	2.10
2-WIRE - MET (16-25 MI)	24.65
- PER MILE	0.75
2-WIRE - MET (25-50 MI)	24.65
- PER MILE	0.75
2-WIRE - MET (50-100 MI)	24.65
- PER MILE	0.75
2-WIRE - MET (OVR-100 MI)	24.65
- PER MILE	0.75
E7.5.2. 75 BAUD SPECIAL TRANSPORT	
75 BAUD (0 MI)	0.00
75 BAUD (0-4 MI)	1.30
- PER MILE	3.15
75 BAUD (4-8 MI)	6.40
- PER MILE	1.85
75 BAUD (8-16 MI)	14.55
- PER MILE	0.85
75 BAUD (16-25 MI)	18.95
- PER MILE	0.60
75 BAUD (25-50 MI)	21.10
- PER MILE	0.50
75 BAUD (50-100 MI)	33.40
- PER MILE	0.25
75 BAUD (OVR-100 MI)	33.40
- PER MILE	0.25
E7.5.2. 150 BAUD SPECIAL TRANSPORT	
150 BAUD (0 MI)	0.00
150 BAUD (0-4 MI)	1.30
- PER MILE	3.15
150 BAUD (4-8 MI)	6.40
- PER MILE	1.85
150 BAUD (8-16 MI)	14.55
- PER MILE	0.85

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
150 BAUD (16-25 MI)	18.95
- PER MILE	0.60
150 BAUD (25-50 MI)	21.10
- PER MILE	0.50
150 BAUD (50-100 MI)	33.40
- PER MILE	0.25
150 BAUD (OVR-100 MI)	33.40
- PER MILE	0.25
E7.5.2. VOICE SPECIAL TRANSPORT MILEAGE	
VOICE (0 MI)	0.00
VOICE (0-4 MI)	5.75
- PER MILE	3.95
VOICE (4-8 MI)	13.15
- PER MILE	2.10
VOICE (8-16 MI)	21.00
- PER MILE	1.10
VOICE (16-25 MI)	26.10
- PER MILE	0.80
VOICE (25-50 MI)	30.45
- PER MILE	0.60
VOICE (50-100 MI)	44.95
- PER MILE	0.30
VOICE (OVER 100 MI)	62.30
- PER MILE	0.15
E7.5.2. 3.5 KHZ AUDIO SPECIAL TRANSPORT	
3.5 KHZ AUD (0 MI)	0.00
3.5 KHZ AUD (0-4 MI)	3.75
- PER MILE	3.05
3.5 KHZ AUD (4-8 MI)	7.25
- PER MILE	2.20
3.5 KHZ AUD (8-16 MI)	16.65
- PER MILE	1.00
3.5 KHZ AUD (16-25 MI)	17.60
- PER MILE	0.95
3.5 KHZ AUD (25-50 MI)	26.60
- PER MILE	0.60
3.5 KHZ AUD (50-100 MI)	32.40
- PER MILE	0.45
3.5 KHZ AUD (OVR-100 MI)	67.20
- PER MILE	0.10
E7.5.2 5 KHZ AUDIO SPECIAL TRANSPORT	
5 KHZ AUD (0 MI)	0.00
5 KHZ AUD (0-4 MI)	3.25
- PER MILE	3.05
5 KHZ AUD (4-8 MI)	6.25
- PER MILE	2.30

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
5 KHZ AUD (8-16 MI)	13.00
- PER MILE	1.45
5 KHZ AUD (16-25 MI)	13.90
- PER MILE	1.40
5 KHZ AUD (25-50 MI)	28.00
- PER MILE	0.85
5 KHZ AUD (50-100 MI)	39.60
- PER MILE	0.60
5 KHZ AUD (OVR-100 MI)	85.95
- PER MILE	0.15
E7.5.2 8 KHZ AUDIO SPECIAL TRANSPORT	
8 KHZ AUD (0 MI)	0.00
8 KHZ AUD (0-4 MI)	3.30
- PER MILE	3.10
8 KHZ AUD (4-8 MI)	5.85
- PER MILE	2.45
8 KHZ AUD (8-16 MI)	9.80
- PER MILE	1.95
8 KHZ AUD (16-25 MI)	10.95
- PER MILE	1.85
8 KHZ AUD (25-50 MI)	29.80
- PER MILE	1.10
8 KHZ AUD (50-100 MI)	47.90
- PER MILE	0.75
8 KHZ AUD (OVR-100 MI)	107.25
- PER MILE	0.15
E7.5.2 15 KHZ AUDIO SPECIAL TRANSPORT	
15 KHZ AUD (0 MI)	0.00
15 KHZ AUD (0-4 MI)	6.60
- PER MILE	2.75
15 KHZ AUD (4-8 MI)	6.60
- PER MILE	2.75
15 KHZ AUD (8-16 MI)	6.60
- PER MILE	2.75
15 KHZ AUD (16-25 MI)	11.20
- PER MILE	2.75
15 KHZ AUD (25-50 MI)	12.20
- PER MILE	2.75
15 KHZ AUD (50-100 MI)	16.30
- PER MILE	2.75
15 KHZ AUD (OVR-100 MI)	16.30
- PER MILE	2.75
E7.5.2 DIGITAL DATA 1 SPECIAL TRANSPORT	
DIG DATA 1 (0 MI)	0.00
DIG DATA 1 (0-4 MI)	21.25
- PER MILE	0.65

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
DIG DATA 1 (4-8 MI)	21.25
- PER MILE	0.65
DIG DATA 1 (8-16 MI)	21.25
- PER MILE	0.65
DIG DATA 1 (16-25 MI)	21.25
- PER MILE	0.65
DIG DATA 1 (25-50 MI)	21.25
- PER MILE	0.65
DIG DATA 1 (50-100 MI)	21.25
- PER MILE	0.65
DIG DATA 1 (OVR-100 MI)	21.25
- PER MILE	0.65

E7.5.2 DIGITAL DATA 2 SPECIAL TRANSPORT

DIG DATA 2 (0 MI)	0.00
DIG DATA 2 (0-4 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (4-8 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (8-16 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (16-25 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (25-50 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (50-100 MI)	21.00
- PER MILE	0.65
DIG DATA 2 (OVR-100MI)	21.00
- PER MILE	0.65

E.7.5.2 DIGITAL DATA 3 SPECIAL TRANSPORT

DIG DATA 3 (0 MI)	0.00
DIG DATA 3 (0-4 MI)	24.40
- PER MILE	0.70
DIG DATA 3 (4-8 MI)	24.40
- PER MILE	0.70
DIG DATA 3 (8-16 MI)	24.40
-PER MILE	0.70
DIG DATA 3 (16-25 MI)	24.40
- PER MILE	0.70
DIG DATA 3 (25-50 MI)	24.40
-PER MILE	0.70
DIG DATA 3 (50-100 MI)	24.40
-PER MILE	0.70
DIG DATA 3 (OVR-100 MI)	24.40
-PER MILE	0.70

E7.5.2 DIGITAL DATA 4 SPECIAL TRANSPORT

DIG DATA 4 (0 MI)	0.00
-------------------	------

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
DIG DATA 4 (0-4 MI)	46.40
- PER MILE	2.25
DIG DATA 4 (4-8 MI)	46.40
- PER MILE	2.25
DIG DATA 4 (8-16 MI)	46.40
- PER MILE	2.25
DIG DATA 4 (16-25 MI)	46.40
-PER MILE	2.25
DIG DATA 4 (25-50 MI)	46.40
- PER MILE	2.25
DIG DATA 4 (50-100 MI)	46.40
- PER MILE	2.25
DIG DATA 4 (OVR-100 MI)	46.40
- PER MILE	2.25

E7.5.2 HIGH CAPACITY 1 SPECIAL TRANSPORT

DS1-1.544 MBPS (0 MI)	0.00
DS1-1.544 MBPS (0-4 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (4-8 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (8-16 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (16-25 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (25-50 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (50-100 MI)	29.90
- PER MILE	23.75
DS1-1.544 MBPS (OVR-100 MI)	29.90
- PER MILE	23.75

E7.5.3A NARROW BAND NETWORK INTERFACE

DIR CUR/DIR CUR	0.40
LOW SP SIG/LOW SP SIG	5.15

E7.5.3B. VOICE GRADE NETWORK INTERFACE

COMPLEX/BASIC LOOP	7.25
COMPLEX/COMPLEX LOOP	10.05
COMPLEX/COMPLEX	3.85
SF/BASIC LOOP	7.30
SF/COMPLEX LOOP	10.05
SF/COMPLEX	4.70
BASIC LOOP/BASIC LOOP	2.05
BASIC LOOP/COMPLEX LOOP	3.55
BASIC LOOP/COMPLEX	5.50
DIGITAL/BASIC LOOP	1.30
DIGITAL/COMPLEX LOOP	2.20

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
DIGITAL/COMPLEX	1.75
DIGITAL/DATA	1.45
DIGITAL/POLLED DATA	1.25
DIGITAL/NO SIGNALING	0.45
AH/BASIC LOOP	2.80
AH/COMPLEX LOOP	3.80
AH/COMPLEX	2.35
AH/DATA	2.40
AH/POLLED DATE	3.20
AH/NO SIGNALING	2.00
NO SIGNALING/DATA	2.05
NO SIGNALING/NO SIGNALING	1.45
DATA/DATA	3.05
DATA/NO SIGNALING	2.05
POLLED DATA/POLLED DATA	2.10
E7.5.3C PROGRAM NETWORK INTERFACE	
3.5 kHz/3.5 kHz	3.10
5.0 kHz/5.0 kHz	4.75
8.0 kHz/8.0 kHz	4.75
15 kHz/15 kHz	26.00
AH/3.5 kHz	3.10
AH/5.0 kHz	4.75
AH18.0 kHz	4.75
DIGITAL/3.5 kHz	3.10
DIGITAL/5.0 kHz	4.75
DIGITAL/8.0 kHz	4.75
DIGITAL/15 kHz	26.00
E7.5.3G DIGITAL DATA NETWORK INTERFACE	
2.4 kbps/2.4 kbps	21.75
4.8 kbps/4.8 kbps	22.20
9.6 kbps/9.6 kbps	23.40
56 kbps/56 kbps	57.90
DIGITAL/2.4 kbps	10.90
DIGITAL/4.8 kbps	11.10
DIGITAL/9.6 kbps	11.70
DIGITAL/56 kbps	28.95
E7.5.3H HIGH CAPACITY NETWORK INTERFACE	
DS1/DS1	11.85
E7.5.4A MULTIPLEXING	
DS4 TO DS1	815.30
DS3 TO DS1	86.90
DS2 TO DS1	29.00
DS1C TO DS1	6.00
DS1 TO VOICE AT HUB	44.90

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
E7.5.4A MULTIPLEX-DIGITAL DATA	
CXR MUX PER UNIT	101.90
64 KBPS CHNL PLUG-IN	1.35
CXR SUBM 20 2.4 KBPS SERV	73.55
CHR SVBM 10 4.8 KBPS SRV	39.65
CXR SUBM 5 9.6 KBPS SERV	32.25
E7.5.4B NARROW BAND BRIDGING	
TLGH 2-WIRE PER PORT	4.60
TLGH 4-WIRE PER PORT	5.00
E7.5.4B VOICE GRADE BRIDGING	
VOICE 2-WIRE PER PORT	4.60
VOICE 4-WIRE PER PORT	5.00
DATA 2-WIRE PER PORT	4.60
DATA 4-WIRE PER PORT	5.40
FAX 2-WIRE PER PORT	4.60
FAX 4-WIRE PER PORT	5.00
E7.5.4B DATAPHONE SELECT-A-STATION	
PDSS: SEQ AGMT COMM EQP	88.30
PDSS: ADR AGMT COMM EQP	95.50
PDSS: 2-WIRE CHAN CONN	1.40
PDSS: 4-WIRE CHAN CONN	5.25
SDSS: SEQ AGMT COMM EQP	88.30
SDSS: ADR AGMT COMM EQP	95.50
SDSS: 2-WIRE CHAN CONN	1.40
SDSS: 4-WIRE CHAN CONN	5.25
E7.5.4B TABS BRIDGING	
COMMON EQUIP-FIRST SHELF	35.75
COMMON EQUIP-ADDIT SHELF	24.45
REMOTE STA CHAN CONN	0.85
MIDLINK CHAN CONN-FIRST	6.65
MIDLINK CHAN CONN-SUBS	1.20
E7.5.4B PROGRAM BRIDGE	
PER BRDG	23.95
E7.5.4B DIG DATA ACCESS BRIDGE	
PER PORT	7.00
E7.5.5 CONDITIONING	
C-TYPE COND PER SERV	1.60
DA-TYPE CONDITIONING	0.00
TELEPHTO COND PER SERV	0.45

APPROVED SPECIAL ACCESS RECURRING RATES

ITEM OF SERVICE	APPROVED RATE
E7.5.5. IMPROVE RET LOSS-2WIRE PER END USER PREM	2.30
E.7.5.5 IMPROVE RET LOSS-4WIRE PER IC TERM LOC	2.30
E7.5.6 PROGRAM CONDITIONING GAIN, PER SERV	0.85
E7.5.7 TRANSFER ARRANGEMENT XFER ARNG EA	49.70
E7.5.8 AUTO PROT SWITCH PER ARRANGEMENT	193.05
EA ADIT ARNG SAME LOC	10.55
E7.5.9 SPECIAL ACCESS LINE	
2-WIRE SAL EA	6.75
2 WI NO LOOP	0.95
4-WIRE SAL EA	13.50
4 WI NO LOOP	1.90
DS1 1.544 FIRST 1/2 MI MB	44.85
DS1 EA ADIT 1/2 MI OR FRA	44.85
E7.5.9 HYBRID	
EACH	2.55

APPROVED SPECIAL ACCESS NON-RECURRING
RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE

E7.5.2. METALLIC SPECIAL TRANSPORT	
2-WIRE - MET (0 MI)	0.00
2-WIRE - MET (0-4 MI)	21.00
2-WIRE - MET (4-8 MI)	21.00
2-WIRE - MET (8-16 MI)	21.00
2-WIRE - MET (16-25 MI)	21.00
2-WIRE - MET (25-50 MI)	21.00
2-WIRE - MET (50-100 MI)	21.00
2-WIRE - MET (OVR-100 MI)	21.00
E7.5.2. 75 BAUD SPECIAL TRANSPORT	
75 BAUD (0 MI)	0.00
75 BAUD (0-4 MI)	53.00
75 BAUD (4-8 MI)	53.00
75 BAUD (8-16 MI)	53.00
75 BAUD (16-25 MI)	53.00
75 BAUD (25-50 MI)	53.00
75 BAUD (50-100 MI)	53.00
75 BAUD (OVR-100 MI)	53.00
E7.5.2. 150 BAUD SPECIAL TRANSPORT	
150 BAUD (0 MI)	0.00
150 BAUD (0-4 MI)	53.00
150 BAUD (4-8 MI)	53.00
150 BAUD (8-16 MI)	53.00
150 BAUD (16-25 MI)	53.00
150 BAUD (25-50 MI)	53.00
150 BAUD (50-100 MI)	53.00
150 BAUD (OVR-100 MI)	53.00
E7.5.2. VOICE SPECIAL TRANSPORT MILEAGE	
VOICE (0 MI)	0.00
VOICE (0-4 MI)	67.00
VOICE (4-8 MI)	67.00
VOICE (8-16 MI)	67.00
VOICE (16-25 MI)	67.00
VOICE (25-50 MI)	67.00
VOICE (50-100 MI)	67.00
VOICE (OVER 100 MI)	67.00
E7.5.2. 3.5 KHZ AUDIO SPECIAL TRANSPORT	
3.5 KHZ AUD (0 MI)	0.00
3.5 KHZ AUD (0-4 MI)	17.00
3.5 KHZ AUD (4-8 MI)	17.00
3.5 KHZ AUD (8-16 MI)	17.00
3.5 KHZ AUD (16-25 MI)	17.00
3.5 KHZ AUD (25-50 MI)	17.00

APPROVED SPECIAL ACCESS NON-RECURRING
 RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE
3.5 KHZ AUD (50-100 MI)	17.00
3.5 KHZ AUD (OVR-100 MI)	17.00
E7.5.2 5 KHZ AUDIO SPECIAL TRANSPORT	
5 KHZ AUD (0 MI)	0.00
5 KHZ AUD (0-4 MI)	25.00
5 KHZ AUD (4-8 MI)	25.00
5 KHZ AUD (8-16 MI)	25.00
5 KHZ AUD (16-25 MI)	25.00
5 KHZ AUD (25-50 MI)	25.00
5 KHZ AUD (50-100 MI)	25.00
5 KHZ AUD (OVR-100 MI)	25.00
E7.5.2 8 KHZ AUDIO SPECIAL TRANSPORT	
8 KHZ AUD (0 MI)	0.00
8 KHZ AUD (0-4 MI)	25.00
8 KHZ AUD (4-8 MI)	25.00
8 KHZ AUD (8-16 MI)	25.00
8 KHZ AUD (16-25 MI)	25.00
8 KHZ AUD (25-50 MI)	25.00
8 KHZ AUD (50-100 MI)	25.00
8 KHZ AUD (OVR-100 MI)	25.00
E7.5.2 15 KHZ AUDIO SPECIAL TRANSPORT	
15 KHZ AUD (0 MI)	0.00
15 KHZ AUD (0-4 MI)	25.00
15 KHZ AUD (4-8 MI)	25.00
15 KHZ AUD (8-16 MI)	25.00
15 KHZ AUD (16-25 MI)	25.00
15 KHZ AUD (25-50 MI)	25.00
15 KHZ AUD (50-100 MI)	25.00
15 KHZ AUD (OVR-100 MI)	25.00
E7.5.3 NARROW BAND NETWORK INTERFACE	
DIR CUR/DIR CUR	199.00
- ADDITIONAL	100.00
LOW SP SIG/LOW SP SIG	216.00
-ADDITIONAL	129.00
E7.5.3. VOICE GRADE NETWORK INTERFACE	
COMPLEX/BASIC LOOP	233.00
-ADDITIONAL	131.00
COMPLEX/COMPLEX LOOP	246.00
-ADDITIONAL	144.00
COMPLEX/COMPLEX	250.00
-ADDITIONAL	147.00
SF/BASIC LOOP	231.00

APPROVED SPECIAL ACCESS NON-RECURRING
 RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE
-ADDITIONAL	130.00
SF/COMPLEX LOOP	246.00
-ADDITIONAL	144.00
SF/COMPLEX	254.00
-ADDITIONAL	151.00
BASIC LOOP/BASIC LOOP	216.00
-ADDITIONAL	116.00
BASIC LOOP/COMPLEX LOOP	223.00
-ADDITIONAL	121.00
BASIC LOOP/COMPLEX	261.00
-ADDITIONAL	158.00
DIGITAL/BASIC LOOP	189.00
-ADDITIONAL	111.00
DIGITAL/COMPLEX LOOP	195.00
-ADDITIONAL	113.00
DIGITAL/COMPLEX	195.00
-ADDITIONAL	113.00
DIGITAL/DATA	196.00
-ADDITIONAL	113.00
DIGITAL/POLLED DATA	160.00
-ADDITIONAL	85.00
DIGITAL/NO SIGNALING	182.00
-ADDITIONAL	108.00
AH/BASIC LOOP	207.00
-ADDITIONAL	127.00
AH/COMPLEX LOOP	213.00
-ADDITIONAL	131.00
AH/COMPLEX	214.00
-ADDITIONAL	132.00
AH/DATA	214.00
-ADDITIONAL	132.00
AH/POLLED DATA	179.00
-ADDITIONAL	103.00
AH/NO SIGNALING	200.00
-ADDITIONAL	126.00
NO SIGNALING/DATA	218.00
-ADDITIONAL	118.00
NO SIGNALING/NO SIGNALING	208.00
-ADDITIONAL	109.00
DATA/DATA	254.00
-ADDITIONAL	151.00
DATA/NO SIGNALING	218.00
-ADDITIONAL	118.00
POLLED DATA/POLLED DATA	183.00
-ADDITIONAL	109.00

APPROVED SPECIAL ACCESS NON-RECURRING
 RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE
E7.5.3 PROGRAM NETWORK INTERFACE	
3.5 kHz/3.5 kHz	204.00
-ADDITIONAL	106.00
5.0 kHz/5.0 kHz	234.00
-ADDITIONAL	130.00
8.0 kHz/8.0 kHz	234.00
-ADDITIONAL	130.00
15 kHz/15 kHz	350.00
-ADDITIONAL	224.00
AH/3.5 kHz	204.00
-ADDITIONAL	106.00
AH/5.0 kHz	234.00
-ADDITIONAL	130.00
AH18.0 kHz	234.00
-ADDITIONAL	130.00
DIGITAL/3.5 kHz	204.00
-ADDITIONAL	106.00
DIGITAL/5.0 kHz	234.00
-ADDITIONAL	130.00
DIGITAL/8.0 kHz	234.00
-ADDITIONAL	130.00
DIGITAL/15 kHz	283.00
-ADDITIONAL	195.00
E7.5.3 DIGITAL DATA NETWORK INTERFACE	
2.4 kbps/2.4 kbps	187.00
-ADDITIONAL	133.00
4.8 kbps/4.8 kbps	187.00
-ADDITIONAL	133.00
9.6 kbps/9.6 kbps	187.00
-ADDITIONAL	133.00
56 kbps/56 kbps	203.00
-ADDITIONAL	150.00
DIGITAL/2.4 kbps	255.00
-ADDITIONAL	161.00
DIGITAL/4.8 kbps	255.00
-ADDITIONAL	161.00
DIGITAL/9.6 kbps	255.00
-ADDITIONAL	161.00
DIGITAL/56 kbps	272.00
-ADDITIONAL	177.00
E7.5.3 HIGH CAPACITY NETWORK INTERFACE	
DS1/DS1	386.00
-ADDITIONAL	386.00
E7.5.4 MULTIPLEXING	

APPROVED SPECIAL ACCESS NON-RECURRING
 RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE
DS4 TO DS1	1,062.00
DS3 TO DS1	269.00
DS2 TO DS1	133.00
DS1C TO DS1	122.00
DS1 TO VOICE	442.00
E7.5.4 MULTIPLEX-DIGITAL DATA	
CXR MUX PER UNIT	521.00
64 Kbps CHNL PLUG-IN	14.00
SUBSEQUENT	150.00
CXR SUBM 20 2.4 Kbps SERV	26.00
SUBSEQUENT	163.00
CHR SVBM 10 4.8 Kbps SRV	26.00
SUBSEQUENT	163.00
CXR SUBM 5 9.6 Kbps SERV	26.00
SUBSEQUENT	163.00
E7.5.4 NARROW BAND BRIDGING	
NB PER PORT	17.00
TLGH 2-WIRE PER PORT	40.00
TLGH 4-WIRE PER PORT	39.00
E7.5.4 VOICE GRADE BRIDGING	
VOICE 2-WIRE PER PORT	40.00
VOICE 4-WIRE PER PORT	39.00
DATA 2-WIRE PER PORT	40.00
DATA 4-WIRE PER PORT	40.00
FAX 2-WIRE PER PORT	40.00
FAX 4-WIRE PER PORT	39.00
E7.5.4 DATAPHONE SELECT-A-STATION	
PDSS: SEQ AGMT COMM EQP	598.00
PDSS: ADR AGMT COMM EQP	587.00
PDSS: 2-WIRE CHAN CONN	4.00
PDSS: 4-WIRE CHAN CONN	8.00
SDSS: SEQ AGMT COMM EQP	598.00
SDSS: ADR AGMT COMM EQP	587.00
SDSS: 2-WIRE CHAN CONN	4.00
SDSS: 4-WIRE CHAN CONN	8.00
E7.5.4 TABS BRIDGING	
COMMON EQUIP-FIRST SHELF	486.00
COMMON EQUIP-ADDIT SHELF	322.00
REMOTE STA CHAN CONN	6.00
MIDLINK CHAN CONN-FIRST	21.00
MIDLINK CHAN CONN-SUBS	21.00

APPROVED SPECIAL ACCESS NON-RECURRING
RATES

ITEM OF SERVICE	APPROVED NON-RECUR CHARGE
E7.5.4 DIG DATA ACCESS BRIDGE	
PER PORT	14.00
SUBSEQUENT	150.00
E7.5.5 CONDITIONING	
C-TYPE COND PER SERV	15.00
SUBSEQUENT	227.00
DA-TYPE COND PER SERV	6.00
SUBSEQUENT	205.00
TELEPHTO COND PER SERV	11.00
SUBSEQUENT	224.00
E7.5.5 IMPROVE RET LOSS-2WIRE	
PER END USER PREM	5.00
SUBSEQUENT	171.00
E.7.5.5 IMPROVE RET LOSS-4WIRE	
PER IC TERM LOC	5.00
SUBSEQUENT	171.00
E7.5.5 IC RECEIVE LEVEL	
PER END USER PREM	3.00
SUBSEQUENT	170.00
E7.5.6 PROGRAM CONDITIONING	
GAIN, PER SERV	16.00
SUBSEQUENT	85.00
STEREO, PER SERV	42.00
SUBSEQUENT	246.00
E7.5.7 TRANSFER ARRANGEMENT	
XFER ARNG EA	14.00
SUBSEQUENT	150.00
E7.5.8 AUTO PROT SWITCH	
PER ARRANGEMENT	248.00
SUBSEQUENT	336.00
EA ADIT ARNG SAME LOC	248.00
SUBSEQUENT	336.00
E7.5.9 HYBRID	
EACH	29.00

SCHEDULE OF EFFECTS OF IMPLEMENTING BILL AND KEEP
 DIRECTORY ASSISTANCE, COIN, AND LOCAL RATE INCREASES
 REPRRESSED DIRECTORY ASSISTANCE
 IN 0000'S

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CHANGE IN REVENUE REQUIREMENTS																	
COMPANY NAME	BILL & KEEP (1)	REMOVE BA IN BILLED REVENUE	NET BA ASSIST EFFECT	.25 COIN	LOCAL INCREASE/ STATEWIDE AVERAGE	INCREASE/ DECREASE REVENUE NEEDED	PREVIOUS COMMISSION ACTION	SUBSIDY CONTRIB.	SUBSIDY RECEIVED	TOTAL (6-7-8+9)	CHANGE IN NOI (10/1.9015)	AVE RATE BASE	CHANGE IN OVERALL R O R (11/12)	PROJECTED TOTAL INTRASTATE ROR	ADJUSTED OVERALL R O R (13+14)	ALLOWED R O R (FLOOR)	ALLOWED R O R (CEILING)
ALLTEL	(81,187)	2	8171	884	866	934		8113	81,047	(80)	(80)	860,684	.00001	7.141	7.141	9.741	10.401
CENTEL	8,466	80	1,053	1,624	81	(10,663)		581	0	10,081	5,008	140,884	3.61132	11.171	14.731	8.891	9.111
CONTINENTAL	(1,991)	1	53	80	394	958		43	994	0	0	24,542	.00002	8.911	8.911	9.891	10.611
FLORIDA	68	0	1	1	81	(70)		7	0	63	32	2,159	1.47261	5.701	7.171	7.211	8.351
GENTEL	(242)	1,093	3,309	13,060	86	(15,034)		1,985	0	13,049	6,586	1,129,172	0.58321	9.741	10.321	9.781	10.551
GULF	(441)	0	137	0	125	304		17	320	(6)	(6)	6,510	.00001	9.911	9.911	7.971	9.271
INDIANTOWN	(102)	0	6	7	117	89		5	93	0	0	3,100	.00001	5.751	5.751	8.181	10.021
NORTHEAST	(118)	0	29	11	81	(22)		6	0	16	8	5,244	0.15131	4.441	4.591	7.781	8.281
QUINCY	65	2	46	44	88	(154)		33	0	121	61	8,001	0.76111	9.181	9.941	9.801	9.601
ST. JOE	(878)	9	69	31	942	787		37	824	(8)	(8)	25,690	.00001	7.981	7.981	9.171	9.851
SOUTHERN DEL	6,006	2,268	10,497	1,470	88	(115,785)		4,782	0	10,923	5,512	3,326,984	0.16571	9.241	9.411	9.801	10.781
SOUTHLAND	46	0	7	5	81	(57)		4	0	53	27	12,505	0.21241	2.161	2.371	7.871	7.281
UNITED	(10,120)	372	1,385	4,162	28,381	4,945	1,970	1,646	4,622	0	0	540,009	.00001	12.031	12.031	10.991	11.921
VISTA-UNITED	(297)	0	41	77	156	179	0	37	216	(8)	0	7,668	0.00001	21.201	21.201	NA	NA
TOTAL	(8125)	83,827	816,804	820,664	830,181	1833,515	81,970	89,297	88,117	830,386							

RECEIVED

NOV 5 1985

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

OPRNS. MGR.-REG. RELATIONS
TALLAHASSEE, FL

In re: Intrastate access charges)	DOCKET NO. 820537-TP
for toll use of local exchange)	ORDER NO. 15327
services.)	ISSUED: 11-04-85
)	

The following Commissioners participated in the disposition of this matter:

JOHN R. MARKS, III, Chairman
JOSEPH P. CRESSE
GERALD L. GUNTER
KATIE NICHOLS

ORDER DISPOSING OF MOTIONS FOR
RECONSIDERATION/CLARIFICATION OF ORDER NO. 14452

BY THE COMMISSION:

Motions for Reconsideration or Clarification of Order No. 14452 were filed by Public Counsel, United Telephone Company of Florida (United), Northeast Florida Telephone Company (Northeast), Quincy Telephone Company (Quincy), Indiantown Telephone System (Indiantown), St. Joseph Telephone and Telegraph Company (St. Joseph), Florida Department of General Services (DGS), Florida Ad Hoc Telecommunications Users Committee (Ad Hoc) and AT&T Communications of the Southern States, Inc. (ATT-C). Southern Bell Telephone and Telegraph Company (Southern Bell) filed responses to the Motions of Northeast, Quincy, St. Joseph, Indiantown, United, and General Services.

Special Access

Ad Hoc has requested the Commission to reconsider or clarify the level of nonrecurring charges set forth in Appendix III to Order No. 14452. We will grant the request for clarification.

As indicated on page 9 of the Order, we increased overall interLATA special access revenues by 25%, which is anticipated to result in additional revenues to the LECs of \$3,263,912. Our intent was to increase recurring special access revenues by 25%. The rates shown in Appendix III for nonrecurring special access charges are correct and are intended to allow the full recovery of costs which each special access customer's individual service requirements produced. Accordingly, we will clarify the first full paragraph on page 9 of the Order beginning at the 5th sentence, as follows:

This is anticipated to result in an increase in revenues to the LECs of \$3,263,912 in recurring revenues. Further, in order to permit full recovery of costs which each special access customer's individual service requirements produce, we are approving the proposed rates for non-recurring special access which are anticipated to result in a \$2,584,836 increase in revenues.

We will not, however, grant Ad Hoc's request to reduce the nonrecurring charges so that when the nonrecurring special access revenue is considered in conjunction with the recurring special access revenue, the two produce an overall interLATA special access revenue increase of 25%. The rates as approved are appropriate and are integrally linked to the overall revenue target for access charges which we approved.

Ad Hoc has also requested that we permit a "grace period" of 180 days to allow existing customers a reasonable time to

DOCUMENT NUMBER-DATE

1001 11-4 85

EXHIBIT 2

reconfigure their special access networks prior to the imposition of the new nonrecurring rate levels. We deny this request.

The new rate structure does not require a customer to reconfigure his network, although a customer may elect to do so to take advantage of charges in the new structure. Ad Hoc, in its petition, recognizes that customer activity in reconfiguring a network results in the LECs incurring certain costs for service order and additional installation work. We believe these costs should be borne by the customer, not the LEC, and, therefore, do not believe a 180 day delay in application of the nonrecurring charges should ensue.

ATT-C has requested in its Petition that the Commission reconsider or clarify its decision requiring ATT-C to reduce its Channel Services revenues by \$31,357,637 (but not below cost).

In an earlier Order issued in this proceeding (Order No. 13934, issued December 21, 1984), we stated that an increase in special access revenue of \$31,359,637 was reasonable. However, before we would arrive at a final conclusion we wanted to review customer and revenue impact data. In that Order, we required ATT-C to file a Channel Services Tariff that reduced revenues to ATT-C by \$31,357,637, thereby reducing the overall customer impact. Our intent was to reduce switched access by the same amount, \$31,359,637, thus keeping the total access charge revenue target unchanged. ATT-C would then receive a commensurate reduction in switched access expenses of approximately \$31 million.

However, the Channel Services Tariff filed by ATT-C in response to Order No. 13934 did not contain the \$31,359,637 reduction. The decisions regarding implementation of Order No. 13934 are encompassed in Order No. 14452 now under reconsideration. These decisions resulted in only a \$5,848,748 increase in special access recurring and nonrecurring revenues billed to end users because of our desire to mitigate customer impact and because ATT-C did not file the \$31,359,637 revenue reduction. Thus, ATT-C was the benefactor of a \$5.8 million reduction in switched access expenses with no commensurate reduction in Channel Services revenues while special access customers received a \$5.8 million increase with no corresponding decrease in interexchange channel charges.

In its petition, ATT-C states that the Channel Services tariff we denied in Order No. 14452 was based on cost and no further reductions should be made. However, the record contains no cost data to substantiate that claim.

Our denial of the tariff will not change. However, we will grant ATT-C's request to reconsider the amount of revenue reduction to be addressed in its Channel Service Tariff filing. To reflect the 1984 test year data and the \$5.8 million increase approved for special access, we will require ATT-C to file a Channel Services tariff that reduces revenues by \$27,383,915, but not below cost. If this reduction results in rates below cost, ATT-C should file cost support information with this Commission so that we may consider alternatives to reduce ATT-C revenues in conjunction with any further increases that might occur in special access revenues.

Access Revenue Target

Public Counsel, in its Motion for Reconsideration, seeks our reconsideration of the language contained in Section IV of the Order (p.5) which can be construed as setting an access charge revenue cap for 1985. This was not our intent. We agree with Public Counsel that clarification is needed and we grant the motion.

Accordingly, we clarify the first sentence in Section IV, found on page five of Order No. 14452, as follows:

Based on the 1984 level of access charge revenues we have just established (\$454,963,000), we find it appropriate to change both switched and special access charge rates to levels that would have enabled the industry to achieve \$431,419,000 in access charge revenues during 1984.

Leaky PBX

The Department of General Services (DGS) seeks clarification of our Order as to the intent of certain language shown on page 10 of the Order that states that we will address in September, issues related to certification and the appropriateness of the leaky PBX rates and charges. DGS questions if the intent of this statement is to delay the implementation of leaky PBX rates until after the September hearing.

We will grant the request for clarification. Our intent was not to delay the implementation of the leaky PBX rates and certification we had imposed in Order No. 13934. Our intent was to revisit the issues in September for purposes of refinement. Customers would have 60 days from the effective date of an LEC's tariff in which to certify. If they do not certify, the mandatory message rate charges would apply on the 61st day.

DGS also seeks to have us change the leaky PBX rate of \$.12 per message or \$.03 per minute, plus the respective LEC PBX rate and authorize an interim rate of \$.12 per message or \$.03 per minute plus the respective LEC single line business rate, pending further study. This we decline to do. The rate structure and levels we approved were designed to act as a deterrent to completing calls over leaky PBXs. However, we agree that our leaky PBX rate may establish an unduly broad price differential between those PBX trunks which can leak interexchange private line traffic and those which cannot, as discussed by Southern Bell in their responsive filing. Our Order also does not specifically address customers who do not subscribe to trunks, but rather subscribe to B-1 lines, such as DGS.

Accordingly, we will clarify our Order to state that the leaky PBX rate is \$.12 per message or \$.03 per minute, plus the respective LEC flat rate the customer would be paying if we had not imposed the mandatory message rate and the customer was receiving flat rate service. The LECs should file tariff revisions to reflect this clarification. As we have stated on numerous occasions, the charge can be avoided if the customer certifies.

DGS also seeks to have us reconsider our decision that a customer can certify that long distance calls are not completed over private lines only when all of his or her lines do not leak. We will reconsider this issue and hear DGS's oral argument on this point.

DGS argues that under our Order as written, if certain of the State's trunks or lines were to leak, the mandatory message rate would be applied to all the State's trunks or lines. This was not our intent. By our decision, we permit certification if it is a customer's intent or policy not to leak and the customer so certifies. We will now clarify that we would impose the mandatory message rate at the point of the leak, that is, on a switch location basis. Thus a customer may certify by switch location that he or she does not use private lines to access the local network.

This would be based on the customer's intent not to leak and is broader than the FCC's certification criteria which are based on the ability of the system to leak.

Ad Hoc requests that we delay the implementation of our leaky PBX rate until after the conclusion of our September hearing so that the appropriate rate level can be determined and customer impact data can be supplied. Ad Hoc proposes we modify the leaky PHX rates to approximate the revenues LECs would otherwise have received over a switched network. Again, we decline to change our leaky PBX rates. Our purpose in designing the rates as we did was to create a disincentive for customers to leak calls into the local network. We believe our approved rates are, therefore, appropriate and we deny Ad Hoc's request to reconsider those rates.

Bill and Keep

St. Joseph, Indiantown, Northeast Florida and Quincy seek our reconsideration of the manner in which we determined the effects of bill and keep and the subsequent subsidies. Specifically, these parties request that we use 1984 pooled booked revenue, developed from final cost studies, rather than the estimates addressed during the hearing. By not recognizing the results of the annual cost studies, these parties assert that the access pool members are treated in an unequal manner. Some telephone companies use a study period other than an annual period and the bill and keep analysis included actual numbers for those companies. The other telephone companies, who use an annual cost study period, do not finalize their studies until the end of the first quarter after the year under study. These companies requested an extension of time to file their cost studies which we granted by Order No. 13252 in Docket No. 840106-TL.

These parties seek a true-up of the estimated cost study figures used by this Commission in the bill and keep analysis. The true-up would be based upon the pool administrator's final settlement report. They assert that if the estimates only are used, an inaccurate distribution of the subsidy pool will result which will affect all LECs.

Southern Bell, the pool administrator, filed in response and supported the position of these companies. Southern Bell urged, however, that if this Commission determines that final distributions from the subsidy pool should be delayed and adjusted to reflect the results of the annual cost studies, the final distribution and true-up should await review of the study by the pool administrator and resolution of any differences between the pool administrator and the companies, so that the contributors to the subsidy pool will not be forced to accept untested claims of these companies.

The companies have informed us that the cost study process, including review by and resolution of disputes with the pool administrator will be completed by December 31, 1985. Based on this information, we will reconsider our decision to base the subsidy pool distribution on estimates of 1984 pooled book revenues as set forth in Order No. 14452. We will utilize the final pooled book revenue amounts to redistribute the subsidy amounts shown on Chart 2, Appendix IV to Order No. 14452. We would have preferred to utilize the estimates presented at hearing so that the matter would be finalized. However, we are persuaded by the companies who utilize annual studies of the possible inequities that could result by our not recognizing the final cost study data. However, if the studies are not finalized by December 31, 1985, we will utilize the amounts given to us by the companies at the May 1985 hearing, and treat them as if they were final because we will not tolerate further delay in this matter.

In Order No. 14452, we established a temporary subsidy pool for those LECs experiencing a shortfall from moving to bill and keep of access charges, since our goal is to have implementation result in a "wash." United seeks clarification of the mechanics of funding the subsidy pool. The request is granted.

We will clarify Order No. 14452 at Page 12, to state that each LEC shall contribute one-twelfth of the amount shown in Column 9, Chart 2, Appendix IV, to the subsidy pool each month. This method is consistent with the methodology used in distributing from the pool. However, the subsidy pool total is amended to reflect our decision below correcting the understatement in the net revenue effect for directory assistance. The new amounts are reflected in corrected Chart 2 found in Appendix A to this Order. The chart will replace Chart 2, Appendix IV, attached to Order No. 14452. The contribution formula of one-twelfth of the total remains unchanged although the dollar amount may change.

United also seeks clarification of that portion of the Order regarding the delay of receipt of subsidy by those companies involved in overearnings investigations until the investigations are completed. Southern Bell in response argues that United seeks to amend the subsidy pool arrangement by establishing its entitlement to receive payments at the outset, subject to termination of eligibility only after its earnings investigation is over.

We will clarify this portion of the Order. Our discussion on page 14 of the Order of delay in receipt of subsidy by those companies involved in overearnings investigations goes to the timing of the subsidy receipt and does not contemplate forfeiture of the subsidy. However, we will reconsider the issue of delay and find that the receipt of the subsidy payment will not be delayed by the overearnings investigations. We will allow the affected companies to receive their subsidy payments. As we stated in Order No. 14452, all subsidy contributions and receipts are subject to refund. The effects of this matter can be "trued-up" when the cost study effects are trued-up.

Presently, our decision in Docket No. 820263-TP (divestiture inquiry) is pending before the Florida Supreme Court since General and United are seeking to have the orders quashed insofar as they relate to the divestiture related charge to the access pool. In the event United and General are successful, United requests we clarify Order No. 14452 in this proceeding to state that the subsidy will be recalculated for all telephone companies in order to give effect to the Supreme Court's ruling. Southern Bell disagrees with United's request, stating that the subsidy for United should not be increased if the Court overturns the divestiture orders because United's 1984 earnings are already under investigation for overearnings.

We will grant the request for clarification. If the Supreme Court overturns our divestiture orders, the amount we authorized Southern Bell to withdraw from the access pool (\$5.76 million) should be used to revise the 1984 pool booked revenues and hence the subsidy figures in order to achieve our goal of implementation of bill and keep resulting in a "wash."

On our own motion, we will correct an error in our bill and keep analysis caused by our understating the net revenue effect for directory assistance. The analysis accounted twice for the restructuring approved in Order No. 13934. We will, therefore, correct the bill and keep analysis as shown on Chart 2, Appendix IV of Order No. 14452 and replace it with corrected Chart 2 found in Appendix A to this Order. To do otherwise would distort the subsidy calculations and create a hidden windfall to all LECs.

Further, on page 14 of Order No. 14452, Section B, subparagraph 2, we describe certain data to be collected by the LECs. We hereby correct the description of the data to be captured by the companies by deleting the words "gross and net" preceding the words "directory assistance revenues."

We will reconsider another issue on our own motion and that is the treatment of Southern Bell's surplus resulting from the implementation of bill and keep of access charges. In Order No. 14452, at page 14, we stated that "Southern Bell may use part of its surplus to replace the stipulated amount it agreed to in its agreement with ATT-C in resolution of the divestiture-related surcharge in Docket No. 820263-TP." We authorized Southern Bell to collect \$26.2 million by means of the divestiture-related surcharge. We discontinued that charge on December 31, 1984, believing bill and keep would be implemented on January 1, 1985. However, implementation was delayed for various reasons until July 1, 1985.

Upon consideration, we do not believe it appropriate in moving to bill and keep to impute the amount Southern Bell privately agreed to settle for with ATT-C, but that it is appropriate to impute the revenue level of \$26.2 million in 1984 because that was the amount we authorized. Thus, we will modify our Order to allow Southern Bell to use its \$22.2 million surplus, shown in corrected Chat 2, Appendix A to this Order, as a offset to the \$26.2 million we discontinued on December 31, 1984. Southern Bell has informed us that it will not seek to recover the balance between these two amounts in any proceeding before this Commission. We accept this representation.

Other Motions

Floralta, Gulf, Indiantown, Northeast Florida, Quincy, St. Joseph and Southland filed Motions to Supplement the Record seeking to include summaries of the interLATA portion of their respective 1984 intrastate cost studies. Upon consideration, we deny the motions filed by these seven companies since the data contained in the summary sheets has not been reviewed for accuracy and compliance by the pool administrator and, therefore, are subject to dispute or revision.

United filed a Motion to Strike Southern Bell's Answer to its Petition for Clarification on two grounds. First, United argues that Commission rules do not provide for the filing of an answer to a petition for clarification and, therefore, Southern Bell's answer should be stricken. We note that our rules do not provide for petitions for clarification, but it is our practice to accept them and treat them as motions for reconsideration. Our rules do provide for responses to motions. Thus, we will treat United's Petition for Clarification as a Motion for Reconsideration, Southern Bell's Answer as a Response and deny United's Motion to Strike on this point.

Second, United argues that Southern Bell's answer is, in substance, an untimely petition for reconsideration and should, therefore, be stricken. Upon consideration, we find that portions of Southern Bell's answer appear to us to be a request for reconsideration of the use of the subsidy pool as a mechanism to return United's earnings to the pre-bill and keep level. Thus, those sentences in numbered paragraph 3 of Southern Bell's answer, wherein Southern Bell argues against the subsidy pool as a mechanism to use to return United's earnings to its pre-bill and keep level, are hereby stricken.

Southern Bell filed a request for extension of time to July 9, 1985, to file its responses to numerous parties' Motions for Reconsideration because of the number of motions filed and the

"truncated" response schedule required by Rule 25-22.37, Florida Administrative Code. However, when Southern Bell calculated its response time, it neglected to add the 5 days' mailing time permitted by Rule 25-22.28(4), Florida Administrative Code. This would permit the responses to be filed by July 8, 1985. Southern Bell's responses were filed on July 8 and thus, are timely. Therefore, its Request for Extension of Time is moot.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Motions for Reconsideration/Clarification of Order No. 14452 are disposed of consistent with this Order. It is further

ORDERED that Order No. 14452 is hereby clarified to state that the leaky PBX rate is \$.12 per message or \$.03 per minute plus the respective LEC flat rate associated with the customer's service absent the imposition of mandatory measured service and that the LECs should file tariff revisions to reflect this clarification. It is further

ORDERED that page 14 of Order No. 14452 is corrected to delete the words "gross and net" as set forth in the body of this Order and in Appendix A to this Order. It is further

ORDERED that the bill and keep analysis is corrected as it relates to directory assistance revenues as set forth in the body of this Order. It is further

ORDERED that Southern Bell may use its \$22.2 million surplus to offset the \$26.2 divestiture-related surcharge discontinued by this Commission. We accept the Company's representation that it will not seek to recover the balance remaining in any proceeding before the Commission. It is further

ORDERED that the Motions to Supplement the Record filed by Florida Telephone Company, Gulf Telephone Company, Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Quincy Telephone Company, St. Joseph Telephone and Telegraph Company and Southland Telephone Company are hereby denied. It is further

ORDERED that United Telephone Company of Florida's Motion to Strike Southern Bell's Answer is granted in part and denied in part as set forth in the body of this Order.

By ORDER of the Florida Public Service Commission, this 4th day of NOVEMBER, 1985.

STEVE TRIBBLE
COMMISSION CLERK

(S E A L)

NSD

by: Kay Flynn
Deputy Clerk

APPENDIX A

SCHEDULE OF EFFECTS OF IMPLEMENTING BILL AND KEEP
 DIRECTORY ASSISTANCE, COIN, AND LOCAL RATE INCREASES
 DEPRESSED DIRECTORY ASSISTANCE
 IN 0000'S

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
CHANGE IN REVENUE REQUIREMENTS																	
COMPANY NAME	BILL & KEEP (1)	NEW MA REVENUE	.25 COIN	LOCAL INCREASE/ STATELINE AVERAGE	INCREASE/ DECREASE REVENUE NEEDED	PREVIOUS COMMISSION ACTION	VARIANCE TO PDBL DATA PER TABLE AL-7	SUBSIDY CONTROL 06.45	SUBSIDY RECEIVED	TOTAL (5-6+7+8-9) (10/1,9015)	CHANGE IN NET RATE	CHANGE IN OVERALL B O B (11/12)	PROJECTED TOTAL INTRASTATE B O B	ADJUSTED OVERALL B O B (13+14)	ALLOWED B O B (FL000)	ALLOWED B O B (CEILING)	
ALLTEL	11,187	181	84	66	923		1,319	87	2,329	0	0	66,684	.003	7,143	7,143	9,743	10,403
CENTEL	8,866	1,430	1,624	81	(11,320)		0	450	0	10,870	3,486	140,884	3.892	11,123	15,013	8,893	9,113
CONTINENTAL	11,891	56	88	394	947		49	34	1,630	100	101	24,542	.001	8,913	8,913	9,892	10,613
FLORIDA	68	2	1	81	(78)		6	5	0	59	30	2,159	1.371	5,703	7,873	7,213	8,353
GENTEL	(242)	5,876	13,868	88	(17,895)		0	1,539	0	16,355	8,254	1,129,172	0.733	9,743	10,473	9,783	10,353
GULF	(441)	148	8	125	301		0	13	314	100	101	6,510	.001	9,913	9,913	7,973	9,223
INDIANTRON	(182)	6	7	117	88		0	4	92	0	0	3,188	.001	5,753	5,753	8,183	10,673
NORTHEAST	(18)	31	11	81	(23)		163	5	144	0	0	5,244	.001	4,643	4,643	7,783	8,283
BUINCT	65	182	44	88	(213)		(2)	26	0	188	95	8,001	1.193	9,183	10,373	9,083	9,683
ST. JOE	(878)	120	31	942	727		0	29	756	0	0	25,690	.001	7,983	7,983	9,173	9,853
SOUTHERN BELL	6,886	18,479	1,478	88	(25,955)		0	3,788	0	22,247	11,223	3,326,986	0.343	9,243	9,583	9,883	10,783
SOUTHLAND	46	7	5	81	(58)		0	3	0	54	27	12,588	0.223	2,143	2,383	7,673	7,383
UNITED	(18,128)	2,631	4,162	28,381	3,328	1,978	(152)	1,277	2,483	0	0	544,889	.001	12,633	12,633	10,993	11,923
VISTA-UNITED	(267)	43	77	156	147	0	(274)	29	0	98	49	7,668	0.643	21,283	21,843	88	88
TOTAL	195	28,583	28,664	30,181	(49,871)	1,978	1,189	7,289	7,148	47,981							

ORDER NO. 15327
 DOCKET NO. 820537-TP
 PAGE 8

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes (Supp. 1984), to notify parties of any administrative hearing or judicial review of Commission orders that may be available, as well as the procedures and time limits that apply to such further proceedings. This notice should not be construed as an endorsement by the Florida Public Service Commission of any request for further proceedings or judicial review, nor should it be construed as an indication that such request will be granted.

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 Commission Clerk within 15 days of the issuance of this order in the form prescribed by Rule 25-22.60, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court by the filing of a notice of appeal with the Commission Clerk and the filing of a copy of the notice and the filing fee with the Supreme Court. This filing must be completed within 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.

OFFICE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Access Charges Intrastate Access) DOCKET NO. 820537-TP
Charges for Toll Use of Local Exchange) ORDER NO. 19692
Services Ltd.) ISSUED: 7-19-88

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman
THOMAS M. BEARD
GERALD L. GUNTER
JOHN T. HERNDON
MICHAEL MCK. WILSON

RECEIVED
JUL 22 1988

NOTICE OF PROPOSED AGENCY ACTION

ORDER ELIMINATING INTERLATA ACCESS SUBSIDY
FOR GULF TELEPHONE COMPANY **PERNS. MGR.-REG. RELATIONS**
TALLAHASSEE, FL

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

This docket was initiated to investigate the 1986 earnings of Gulf Telephone Company (Gulf). Based on the Commission's and the Office of Public Counsel's (Public Counsel's) investigation it appeared that Gulf was earning in excess of its last authorized return on equity. At the March 29, 1988 Agenda Conference, we approved a stipulation between Public Counsel and Gulf which resolved the overearnings issues. The stipulation calls for Gulf to reduce certain rates and to make refunds of its overearnings. In approving that stipulation, we noted that, at the same time Gulf was overearning, the Company was also receiving a subsidy from the interLATA access subsidy pool. In effect, the customer's of other local exchange companies were contributing to Gulf's overearnings and, hence, funding a portion of the refunds to Gulf's customers.

The interLATA access charge subsidy pool was established in July, 1985, as part of our implementation of a bill-and-keep system for interLATA access charges. The subsidy mechanism was designed to maintain revenue neutrality for each LEC experiencing a loss from access bill-and-keep. Each LEC was kept in the same relative earnings position before and after implementation of bill-and-keep for access charges. Having just embarked on the unknown regulatory trail of bill-and-keep, we created the subsidy mechanism as a cushion against the then unknown effects of our access charge decisions.

In light of Gulf's 1986 earnings level it appears that Gulf is financially healthy indeed. Therefore, we find it inappropriate that Gulf should receive an interLATA access charge subsidy in light of its current earnings posture. It is clear that Gulf no longer needs the current access subsidy to support its current earnings. Accordingly, effective August 1, 1988, Gulf shall no longer receive a subsidy from the interLATA access charge subsidy pool. All subsidy payments received by Gulf for the period January 1, 1988 through July 31, 1988, shall be treated as part of Gulf's 1988 earnings.

DOCUMENT NUMBER-DATE-

67521 JUL 19 1988

FPSC-RECORDS/REPORTING

EXHIBIT-3

ORDER NO. 19692
DOCKET NO. 820537-TP
PAGE 2

In accordance with our decision to eliminate Gulf's access charge subsidy, we also find it appropriate to revise the access bill-and-keep subsidy amounts. Attached to this Order as Appendix I are the revised subsidy amounts which shall govern the access bill-and-keep subsidy mechanism.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the existing interLATA access charge bill-and-keep subsidy received by Gulf Telephone Company shall be eliminated as set forth in the body of this Order. It is further

ORDERED that the interLATA access charge subsidy mechanism is revised as set forth in the body of this Order and as shown in Appendix I of this Order.

By ORDER of the Florida Public Service Commission
this 19th day of JULY, 1988.


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 (1985), as amended by Chapter 87-345, Section 6, Laws of Florida (1987), 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 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 August 9, 1988. In the absence of such a petition, this order shall become effective August 10, 1988 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

ORDER NO. 19692
DOCKET NO. 820537-TP
PAGE 3

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 August 10, 1988, 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 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 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.

SCHEDULE OF EFFECTS OF IMPLEMENTING BILL AND KEEP
EXCLUDING GULF TELEPHONE COMPANY
EFFECTIVE AUGUST 1, 1988
IN \$000'S

	1	2	3	4	5	6	7	8	9
CHANGE IN REVENUE REQUIREMENTS									
COMPANY NAME	BILL & KEEP	NEW DA REVENUE	.25 COIN	LOCAL INCREASE/ STATEWIDE AVERAGE	REVENUE SHORTFALL AND SURPLUS	REV. EFFECT OTHER COMMISSION ACTION	SUBSIDY CONTRIB. REQUIRING	SHORTFALLS REQUIRING SUBSIDY	TOTAL SURPLUSES (5-6-7)
ALLTEL	(2,110)	181	84	66	(1,845)		53	(1,899)	0
CENTEL	4,435	1,686	1,712	394	7,833		294	0	7,539
FLORALA	58	2	1	NI	61		3	0	57
GENTEL	(1,271)	5,076	13,060	NA	16,865		934	0	15,931
GULF	(328)	140	0	125	(188)	(188)	0	0	0
INDIANTOWN	(128)	6	7	117	(115)		2	(117)	0
NORTHEAST	(176)	31	11	NI	(134)		3	(137)	0
QUINCY	260	102	44	NA	406		16	0	390
ST. JOE	(1,674)	120	31	942	(1,523)		17	(1,540)	0
SOUTHERN BELL	12,456	18,479	1,470	NA	32,405	27,481	2,250	0	2,674
SOUTHLAND	82	7	5	NI	94		2	0	92
UNITED	(11,592)	2,631	4,162	28,381	(4,799)	(4,899)	775	(675)	0
VISTA-UNITED	(65)	43	77	156	55		18	0	37
TOTAL	(53)	28,504	20,664	30,181	49,115	22,582	4,368	(4,368)	26,533

APPENDIX I

ORDER NO. 19692
DOCKET NO. 820537-TP
Page 4

ORDER NO. 21954
DOCKET NO. 820537-TL
Page 2

An audit of Indiantown's 1988 surveillance report has recently been completed and indicates that the company has approximately \$500,000 in earnings above its authorized cap of 14.5% ROE. Indiantown's 1989 interLATA subsidy is \$115,000 annually. Its intraLATA subsidy is \$232,000. Eliminating both subsidies would leave Indiantown with excess earnings of approximately \$153,000 annually. We are not aware of any known changes that will have a negative impact on Indiantown's earnings and tend to reduce its excess earnings situation. It also appears that the Company's overearnings will continue.

By Order No. 21474 issued June 28, 1989, in Docket No. 890179-TL, we accepted a proposal from Indiantown to cap its 1988 and 1989 earnings at a level that will produce a 14.5% return on equity (ROE). The earnings cap will protect Indiantown's ratepayers until a final resolution can be reached on the remaining prospective overearnings.

In light of Indiantown's current and anticipated earnings situation, we find it inappropriate that Indiantown should continue to receive an interLATA access charge subsidy. Accordingly, effective September 1, 1989, Indiantown shall no longer receive a subsidy from the interLATA access subsidy mechanism. All access subsidy payments received by Indiantown for the period January 1, 1989, through August 31, 1989, shall be treated as part of Indiantown's 1989 earnings.

Our decision to eliminate Indiantown's access subsidy is consistent with our previous decision to eliminate Gulf Telephone Company's interLATA access subsidy. In that case we eliminated Gulf's subsidy after we had determined that Gulf was overearning. See Order No. 21678. We recognized from the beginning of the inter- and intraLATA subsidy mechanisms that it would not be logical to provide a subsidy to a LEC that is in an overearnings position. As was the case with Gulf, Indiantown no longer appears to need an interLATA access subsidy.

II. Modification of InterLATA Subsidy Mechanism

As discussed above, the interLATA subsidy mechanism was established as a transition mechanism to keep LECs whole in going from a pooling to access bill and keep. Under the mechanics of the subsidy mechanism, the amounts of the subsidy receipts and contributions do not change unless changed by the Commission.

ORDER NO. 21954
DOCKET NO. 820537-TL
Page 3

Our decision above eliminating Indiantown's access subsidy has reduced the total amount of subsidy requirements by \$115,000 annually. In addition, we have reviewed the current status of the subsidy mechanism. Florala, Gulf, Quincy, Southland, United and Vista each make net contributions to the access subsidy of \$3,000, \$0, \$16,000, \$2,000, \$100,000 and \$18,000, respectively. The combined net contribution is \$139,000 annually. Eliminating Indiantown and these six LECs from participation in the subsidy mechanism and redistributing the remaining required contributions would result in Centel, GTEFL and Southern Bell contributing \$2,000, \$6,000 and \$16,000 more into the subsidy fund. These are relatively small amounts and these companies have indicated a willingness to assume the additional contributions in order to place Florala, Gulf, Quincy, Southland, United and Vista on a pure bill and keep basis. Accordingly, effective September 1, 1989, we find it appropriate that Florala, Gulf, Quincy, Southland, United and Vista be relieved from any further participation in the access subsidy mechanism.

We note that twelve of the LEC's currently participating in the interLATA access subsidy mechanism have indicated agreement to our proposal to narrow the number of participants. Southland is the only LEC which did not agree. We also note that our decision here is consistent with our recent decision to eliminate certain LECs from the intraLATA LEC toll subsidy mechanism. See Order No. 21579. As a result of our actions here, Florala, Gulf, Indiantown, Quincy, United and Vista will be on a pure bill and keep basis for both interLATA access and intraLATA LEC toll. This is an important step in our goal of bill and keep for the LECs.

In accordance with our decision to eliminate Florala, Gulf, Quincy, Southland, United and Vista from the interLATA access bill and keep subsidy mechanism, we find it appropriate to revise the access subsidy participant list as well as the subsidy amounts. Attached to this Order as Appendix I are the revisions to the interLATA access subsidy mechanism that reflect our actions above.

III. Modification of Disposition of InterLATA Bill and Keep Surpluses

By Order No. 14452 we required Companies experiencing a surplus from the implementation of access bill and keep to book the amount of the surplus to additional intrastate depreciation

expense. In light of our modification of the subsidy mechanism above, we also find it appropriate to make certain adjustments with respect to the disposition of interLATA bill and keep surpluses.

By Order No. 20534 in Docket No. 881478-TL, Florala was allowed to use its surplus from access bill and keep as an offset to the increased revenue requirement from upgrading customers from four-party to one-party service. Having relieved Florala of its \$3,000 net contribution obligation as discussed above, Florala's surplus increases from \$57,000 to \$60,000 annually. The reduction in revenues and the increase in revenue requirements stemming from the elimination of mileage charges and the service upgrades exceeds the the \$60,000 surplus. Accordingly, we find it appropriate to allow Florala to retain this amount to offset the revenue requirements outlined in Order No. 20534 and to release the Company from further requirements of Order No. 14452 governing disposition of its interLATA access surplus.

Vista experienced a surplus from access bill and keep of \$54,000. This surplus stem entirely from the directory assistance revenues and the increases to coinphone rates to twenty-five cents. Vista also experienced a loss from intraLATA bill and keep of \$57,000. Since Vista's loss from intraLATA bill and keep exceeds its interLATA access surplus, effective September 1, 1989, we find it appropriate that Vista retain its interLATA surplus as an offset to it intraLATA loss and to release the Company from further requirements of Order No. 14452 governing disposition of its interLATA access surplus.

Quincy is currently recording depreciation expense and placing a credit on its customers bills to offset its winnings. Our action removing Quincy from further participation in the interLATA access subsidy mechanism will increase its surplus by \$16,000 to \$407,000 annually. We find it appropriate to require Quincy to continue to credit lcustomers'bills pursuant to Order No. 21043. Effective September 1, 1989, the \$16,000 increase in Quincy's surplus shall be recorded as additional depreciation until otherwise ordered by this Commission.

Southland was allowed to use its 1985 surplus to finance the separation of its accounting records between Alabama and Florida. The Company's 1986, 1987 and 1988 winnings offset increased depreciation expense in its last depreciation

ORDER NO. 21954
DOCKET NO. 820537-TL
Page 5

represcription. Based on the Company's last depreciation study, the Company currently has depreciation reserve deficits which should be recovered. We find it appropriate that Southland shall continue to record \$95,000 annually in intrastate depreciation expense for its bill and keep surplus until otherwise ordered by this Commission.

Gulf and United each experienced a loss in going to an access charge bill and keep environment and therefore, have no obligations to record additional depreciation in accordance with Order No. 14452.

Based on the foregoing, it is


ORDERED by the Florida Public Service Commission that the existing interLATA access bill and keep subsidy received by Indiantown Telephone System shall be eliminated as set forth in the body of this Order. It is further

ORDERED that Florala, Gulf, Southland, Quincy, United and Vista be relieved from any further participation in the interLATA access subsidy mechanism as set forth in the body of this Order. It is further

ORDERED that the interLATA access charge subsidy mechanism is revised as set forth in the body of this Order and as shown in Appendix I of this Order. It is further

ORDERED that Florala and Vista are released from any further requirements of Order No. 14452 regarding disposition of the interLATA bill and keep surpluses as set forth in the body of this Order.

By ORDER of the Florida Public Service Commission,
this 27th day of SEPTEMBER, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TH

ORDER NO. 21954
DOCKET NO. 820537-TL
Page 6

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 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 October 18, 1989.

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, and as reflected in a subsequent order.

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 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 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.

APPENDIX I

INTERLATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDY PAYMENTS **
 SEPTEMBER 1, 1989
 (\$000)

	1	2	3	4	5	6	7
COMPANY	INTERLATA BILL/KEEP IMPACT	DA & COIN REVENUE	REVENUE EFFECT OF PREVIOUS COMM ACTION	TOTAL IMPACT (1+2+3)	SUBSIDY CONTRIB @\$.27	SHORTFALLS REQUIRING SUBSIDY (4-5)	TOTAL SURPLUSES (4-5)
ALLTEL	(2,110)	265	0	(1,846)	53	(1,899)	
CENDEL	4,435	3,398	0	7,833	296		7,537 •
GTE	(1,271)	18,136	0	16,865	940		15,925
NORTHEAST	(176)	42	0	(134)	3	(137)	
ST. JOSEPH	(1,674)	151	0	(1,523)	17	(1,540)	
SOUTHERN BELL	12,456	19,949	(27,481)	4,924	2,267		2,657 *
TOTAL	\$11,660	\$41,941	(\$27,481)	\$26,119	\$3,576	(\$3,576)	\$26,119

* CENTRAL AND SOUTHERN BELL SURPLUSES HAVE BEEN DISPOSED OF THROUGH PREVIOUS RATE REDUCTIONS

** EXCLUDING FLORALA , GULF , INDIANTOWN , QUINCY , SOUTHLAND , UNITED , AND VISTA-UNITED

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into) DOCKET NO. 950261-TL
interLATA bill and keep subsidy)
of ALLTEL Florida, Inc.)

In Re: Comprehensive review of) DOCKET NO. 920260-TL
the revenue requirements and) ORDER NO. PSC-95-0486-FOF-TL
rate stabilization plan of) ISSUED: April 13, 1995
Southern Bell Telephone and)
Telegraph Company.)

FILED
APR 13 1995
/

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER ELIMINATING ALLTEL'S INTERLATA ACCESS SUBSIDY

BY THE COMMISSION:

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

I. BACKGROUND

By Order No. 14452, the Commission established the interLATA access charge bill and keep subsidy pool. The subsidy pool was established as a temporary mechanism to ease the transition from a pooling environment to a bill and keep environment. Originally, all 13 LECs participated in this pool. By Order No. 21678, Gulf Telephone Company's subsidy was eliminated, effective July 1, 1989. By Order No. 21954, Indiantown Telephone Company's subsidy was eliminated and Florala Telephone Company, Gulf Telephone Company, Indiantown, Quincy Telephone Company, Southland Telephone Company, United Telephone Company of Florida, and Vista-United Telecommunications were removed from the subsidy pool, effective September 1, 1989. By Order No. 22421, St. Joseph Telephone and

RECEIVED

APR 13 1995

EXHIBIT 5

HQ REGULATORY-ATLA
MIAMI LEGAL
AML

FAX PAW FED X

72

VIA FAX - REG. RELATIONS
TALLAHASSEE, FL

Telegraph Company's subsidy was reduced and Central Telephone Company of Florida was removed from the pool, effective January 1, 1990. By Order No. PSC-92-0337-AS-TL, Northeast Florida Telephone Company, Inc.'s subsidy was reduced to \$23,000, effective July 1, 1992. By Order No. PSC-93-0228-FOF-TL, Northeast was removed from the interLATA subsidy pool, effective January 1, 1993. By Order No. PSC-93-0562-FOF-TL, ALLTEL's subsidy was reduced by \$690,000 and GTE Florida Incorporated was removed from the pool, effective April 1, 1993. By Order No. PSC-94-1176-FOF-TL, ALLTEL's subsidy was further reduced by \$140,000, effective October 1, 1993. By Order No. PSC-94-0383-FOF-TL, ALLTEL's subsidy was reduced by \$443,000, effective January 1, 1995. The current status of the interLATA subsidy pool is shown in Appendix A attached to this Order.

The subsidy receipts and payments do not change each year except by specific action of the Commission. We have reduced subsidies and removed LECs from the interLATA subsidy pool when it appeared that the LEC no longer needed the subsidy. Each such action has always been on a case by case basis and has occurred when a LEC's earnings would support a reduction in the subsidy.

By Order No. PSC-94-0383-FOF-TL, issued in Docket No. 940196-TL, we approved a proposal by ALLTEL which, *inter alia*, reduced ALLTEL's authorized return on equity (ROE), capped 1994 earnings, reduced ALLTEL's interLATA subsidy receipts by \$443,000 annually, effective January 1, 1995, and required that ALLTEL's remaining \$100,000 of subsidy be reduced or eliminated, effective July 1, 1995, to the extent that the company earned in excess of 12.5% ROE for 1994.

II. ALLTEL'S 1994 EARNINGS

As discussed above, ALLTEL's ROE was reduced to 12.5% and its 1994 earnings were capped at that level. The issue now before us is whether ALLTEL's achieved earnings are sufficient to warrant a further reduction to the Company's interLATA access charge subsidy pursuant to Order No. PSC-94-0383-FOF-TL. Based on ALLTEL's most recent earnings surveillance report, the Company's 1994 earnings are approximately \$450,000 in excess of 12.5% ROE. Accordingly, we find that ALLTEL's 1994 earnings in excess of its cap are sufficient to warrant a reduction to the Company's current interLATA access subsidy of \$100,000.

III. ELIMINATION OF ALLTEL'S INTERLATA ACCESS BILL AND KEEP SUBSIDY

As discussed above in Section II, ALLTEL's 1994 earnings are substantially in excess of the Company's remaining \$100,000 access subsidy. Accordingly, consistent with Order No. PSC-94-0383-FOF-TL, ALLTEL's remaining interLATA subsidy receipts shall be eliminated effective July 1, 1995. This will remove ALLTEL from the interLATA access subsidy pool. Concomitant with the reduction, the interLATA subsidy pool receipts and payments shall also be modified, effective July 1, 1995. The new interLATA subsidy pool payments and receipts reflected on Appendix B attached to this Order shall be effective July 1, 1995.

IV. DISPOSITION OF SOUTHERN BELL'S REVENUE RESULTING FROM A REDUCED SUBSIDY PAYMENT

As discussed above, we have eliminated ALLTEL's remaining \$100,000 interLATA access subsidy. A reduction in subsidy receipts results in a commensurate decrease in subsidy payments by Southern Bell. As a result Southern Bell's earnings will increase by \$100,000. In the past, when a company's payments into the subsidy pool have decreased, we have disposed of the money by applying it to some specific purpose. However, we are not now prepared to make a determination of the final disposition of the revenues resulting from the reduction in subsidy payments by Southern Bell. Therefore, we find it appropriate that Southern Bell's revenues related to the reduction in subsidy payments be held subject to later disposition in Docket No. 920260-TL.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that, pursuant to ALLTEL Florida Inc.'s surveillance report, ALLTEL has earned more than \$100,000 in excess of 12.5% return on equity for 1994, as set forth in the body of this Order. It is further

ORDERED that ALLTEL's interLATA bill and keep subsidy shall be eliminated effective July 1, 1995, as set forth in the body of this Order. It is further

ORDERED that ALLTEL shall be removed from the subsidy pool, effective July 1, 1995. It is further

ORDERED that the interLATA subsidy pool receipts and payments reflected on Appendix B to this Order are approved, effective July 1, 1995, as set forth in the body of this Order. It is further

ORDER NO. PSC-95-0486-FOF-TL
DOCKETS NOS. 950261-TL, 920260-TL
PAGE 4

ORDERED that Southern Bell's revenues related to the reduction of interLATA access subsidy payments shall be held subject to later disposition in Docket No. 920260-TL as set forth in the body of this Order. It is further

ORDERED that Docket No. 920260-TL shall remain open. It is further

ORDERED that, if no person whose substantial interests are affected by the action proposed in Section II of this Order files a timely protest in accordance with the requirements set forth below in the Notice of Further Proceedings or Judicial Review, Docket No. 950261-TL shall be closed.

By ORDER of the Florida Public Service Commission, this 13th day of April, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: /s/ Kay Flynn
Chief, Bureau of Records

This is a facsimile copy. A signed copy of the order may be obtained by calling 1-904-488-8371.

(S E A L)

TWH

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.

As identified in the body of this order, the Commission's action in Section II of the Order 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 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 4, 1995. In the absence of such a petition, this order shall become effective on the date 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 the action proposed in Section II of 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.

Any party adversely affected by the Commission's final action in Sections III and IV of this Order 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 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 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.

APPENDIX A

INTERLATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDY PAYMENTS
 January 1, 1995
 (\$000)

<u>COMPANY</u>	<u>1</u> INTERLATA BILL/KEEP IMPACT	<u>2</u> DA & COIN REVENUE	<u>3</u> REVENUE EFFECT OF PREVIOUS COMM ACTION	<u>4</u> TOTAL IMPACT (1+2+3)	<u>5</u> SUBSIDY CONTRIB	<u>6</u> SUBSIDY RECEIPT
ALLTEL	(2,110)	265	1,745 *	(100)		(100)
ST. JOSEPH	(1,674)	151	300 **	(1,223)		(1,223)
SO. BELL	12,456	19,949	(27,481)	4,924	<u>1.323</u>	
TOTAL					<u>\$1.323</u>	<u>(\$1.323)</u>

* ALLTEL INCLUDES \$472,000 REDUCTION APPROVED IN DOCKET NO. 911108-TL, \$830,000 REDUCTION APPROVED IN DOCKET NO. 920193-TL, AND \$443,000 REDUCTION APPROVED IN DOCKET NO. 940196-TL.

** ST. JOSEPH INCLUDES \$300,000 REDUCTION APPROVED IN DOCKET NO. 891238-TL.

APPENDIX B

INTERLATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDY PAYMENTS
 July 1, 1995
 (\$000)

<u>COMPANY</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
	INTERLATA BILL/KEEP IMPACT	DA & COIN REVENUE	REVENUE EFFECT OF PREVIOUS COMM ACTION	TOTAL IMPACT (1+2+3)	SUBSIDY CONTRIB	SUBSIDY RECEIPT
ST. JOSEPH	(1,674)	151	300 *	(1,223)		(1,223)
SO. BELL	12,456	19,949	(27,481)	4,924	1,223	
TOTAL					<u>\$1,223</u>	<u>(\$1,223)</u>

* ST. JOSEPH INCLUDES \$300,000 REDUCTION APPROVED IN DOCKET NO. 891238-TL.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: INVESTIGATION INTO ST. JOSEPH TELEPHONE AND TELEGRAPH COMPANY'S AUTHORIZED RETURN ON EQUITY AND EARNINGS) DOCKET NO. 891238-TL ORDER NO. 22284 ISSUED: 12-11-89
---	---

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
THOMAS H. BEARD
BETTY EASLEY
JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER ACCEPTING ST. JOSEPH TELEPHONE AND
TELEGRAPH COMPANY'S PROPOSAL TO REDUCE
ITS AUTHORIZED RETURN ON EQUITY

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

We informed St. Joseph Telephone and Telegraph Company (St. Joe) by letter dated September 5, 1989, that the Company's last authorized return on equity (ROE) of a 15% midpoint with a range from a low of 14% to a high of 16% is substantially in excess of current indications of a reasonable required ROE falling in the low to mid 12% range. On November 8, 1989, the Company responded to our concern regarding its authorized ROE with a proposal to reduce its authorized ROE to a 12.9% midpoint with a range from a low of 11.9% to a high of 13.9% for all future purposes including application of our tax rule, for interim purposes and for calculation of its interest during

EXHIBIT 6

FPSC

CITE as 89 FPSC 12:98

ORDER NO. 22264
DOCKET NO. 891238-TL
PAGE 2

construction (IDC) rate. St. Joe proposed, in addition, that we excuse it from any tax savings dockets initiated for 1990 related to the Tax Reform Act of 1986.

The Company's proposed ROE is within a half a percentage point of our estimate of a currently reasonable and appropriate ROE for this Company. This finding is based on the most recent quarterly report on equity cost rates. Because we find that acceptance of this proposal would make a formal hearing unnecessary and would, therefore, save considerable expense, we find it appropriate to accept St. Joe's proposal of a new authorized ROE.

Regarding St. Joe's proposal to be excused from any tax savings dockets initiated for 1990 related to the Tax Reform Act of 1986, we note that St. Joe's estimated tax savings is \$199,000 annually from the reduction in tax rates from 46% to 34%. St. Joe reduced its access charges by \$298,000 annually and is now proposing to reduce its subsidy by \$400,000 annually. Since we believe that St. Joe's tax savings have been disposed of through permanent rate reductions, we also find it appropriate to excuse St. Joe from any tax savings dockets related to the Tax Reform Act of 1986.

Based on St. Joe's latest surveillance report for the twelve months ended June 30, 1989, the Company's achieved ROE is 14.24%. This is in excess of the Company's proposed ceiling and cap of 13.9% ROE. Also, in reviewing the Company's earnings, we have excluded non-recurring depreciation expense of \$220,854 intrastate, which increases the Company's achieved ROE to 15.87% on a going forward basis. Therefore, we find it appropriate to reduce the Company's achieved earnings to below its proposed maximum authorized ROE. St. Joe has proposed to reduce its revenues by \$400,000 annually through a reduction in its interLATA subsidy of \$300,000 and a reduction in its intraLATA subsidy of \$100,000. These reductions will reduce the Company's ROE by 2.96%. Based on the Company's current and expected earnings level, we believe that this proposal will bring the Company's achieved earnings within its newly authorized ROE range to 12.91%. Therefore, we hereby accept the Company's proposal to reduce its revenues.

Currently, St. Joe receives net subsidies of \$1,523,000 and \$579,000 from the interLATA and intraLATA subsidy pools, respectively. The interLATA subsidy is a fixed amount unless

we take specific action to alter the subsidy amounts. The intralATA subsidy fund is currently being phased down each year at the rate of \$.25 per access line per month. Accepting St. Joe's proposal is consistent with our prior actions regarding Gulf Telephone Company and Indiantown Telephone Company, when we reduced their subsidies because those Companies were overearning. For both those Companies, we first approved the elimination of zone and mileage charges and then reduced their subsidies. St. Joe has no zone or mileage charges. Therefore, we believe it is appropriate to reduce the excess earnings of St. Joe through a reduction in its subsidies.

The Company has also proposed that any excess earnings in 1990 not corrected by these subsidy reductions, be corrected by the Company increasing its depreciation expense. We decline to approve this proposal. If further action is necessary, we will address such excess earnings if and when established.

In Docket No. 890383-TL, we approved a new charge for St. Joe for operator-assisted local calls. We also ordered that St. Joe should use the additional revenues, estimated at \$11,400 annually, as an offset to the intralATA subsidy pool. St. Joe's proposal to reduce its intralATA subsidy receipts by \$100,000 in lieu of reducing it by the amount of operator assisted local call revenue is reasonable considering that the \$100,000 appears to be significantly in excess of the new revenue. Therefore, we accept St. Joe's proposal:

No further action is necessary in this docket. Therefore, this docket shall be closed at the expiration of the protest period if no timely protest is filed.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that St. Joseph Telephone and Telegraph Company's proposal to reduce its authorized return on equity to a 12.5% midpoint with a range from a low of 11.9% to a high of 13.9% is hereby accepted as set forth in the body of this Order. It is further

ORDERED that St. Joseph Telephone and Telegraph Company is hereby excused from any further tax savings dockets related to the Tax Reform Act of 1986. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final unless an

ORDER NO. 22284
DOCKET NO. 891238-TL
PAGE 4

appropriate petition in the form provided by Rule 25-22.036, Florida Administrative Code, is 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 the date indicated in the Notice of Further Proceedings or Judicial Review below. It is further

ORDERED that, in the event no protest is timely received, this docket shall be closed.

By ORDER of the Florida Public Service Commission,
this 11th day of DECEMBER, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

SFS

FRM

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NHS
GLF
ERM
AWT

In Re: Modified Minimum Filing Requirements report of NORTHEAST FLORIDA TELEPHONE COMPANY, INC.) DOCKET NO. 910731-TL)

~~DWL~~
File

In Re: Comprehensive review of the revenue requirements and rate stabilization plan of SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY.) DOCKET NO. 920260-TL) ORDER NO. PSC-95-0426-FOF-TL) ISSUED: March 29, 1995)

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING SWITCH RETIREMENT AND DISPOSING OF OVERTURNINGS

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 substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

Northeast Florida Telephone Company, Inc. (Northeast) filed its Modified Minimum Filing Requirements on July 22, 1991. By Order No. PSC-92-0337-AS-TL, issued May 12, 1992, we approved, with certain modifications, a settlement agreement (the Agreement) submitted by Northeast and the Office of Public Counsel. The Agreement required rate reductions and addressed earnings until Northeast's Bill and Keep Subsidy is eliminated.

Docket No. 910731-TL has remained open so that we could continue to monitor the results of the rate reductions and monitor compliance with the provisions of the Agreement which address future earnings until Northeast's Bill and Keep Subsidy is eliminated.

RECEIVED

HQ REGULATORY-ATLA
MIAMI LEGAL
AML

EXHIBIT 7

MAR 31 1995

FAX

v.a. EG/
DIRECTOR - REG. RELATIONS
TALLAHASSEE, FL

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 2

This Order disposes of 1993 earnings based on review of Northeast's final 1993 Earnings Surveillance Report (ESR), filed on September 14, 1994. The Agreement provides that to the extent that, subsequent to January 1, 1993, Northeast earns in excess of the 13.20% ceiling established by the Agreement, Northeast will refund such overearnings to the payor of the Bill and Keep Subsidy, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell), and will also eliminate future subsidy receipts by a like amount. We also approve Northeast's request to write off the Stromberg-Carlson DCO Processor and associated equipment, submitted on September 13, 1994.

II. OVERTURNINGS

Northeast filed its preliminary 1993 ESR in March 1994 and the final 1993 ESR on September 14, 1994. An audit of Northeast's 1993 earnings was completed by our staff and a report was issued on July 18, 1994. The audit included disclosures concerning jurisdictional revenue and interest reconciliation which prompted adjustments of the final 1993 ESR.

The final ESR incorporated the revised cost study filed with the National Exchange Carrier Association and the audit findings. Based on review and modification of the final ESR, Northeast's earnings above the maximum allowed return on equity of 13.20% for 1993 are \$158,432, which is available for disposition.

We find that \$160,968, consisting of the \$158,432 in intrastate revenue plus \$2,536 in interest accrued through December 31, 1993, using the half year convention, be used to write off part of the present unrecovered investment of the Stromberg-Carlson DCO Processor and associated equipment. The \$160,968 will be treated as a reduction to rate base in 1994.

III. SWITCH RETIREMENT AND WRITE-OFF

Northeast requests that it be allowed to write-off the unrecovered investment in its Siemens-Stromberg-Carlson DCO processor (DCO) and associated equipment. This investment is approximately \$448,700. The DCO was initially installed in 1984 and the original processor was replaced in 1991. The company proposes to convert the current processor to a Siemens Vision ONE Universal Platform (Vision ONE). Northeast claims this platform

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 3

will provide increased call processing capabilities and multi-processor functionality with modular growth. Northeast would be able to offer services such as ISDN and have the ability to add Advanced Intelligent Network (AIN) and Personal Communications Services (PCS) for an additional price.

We used two methods to determine whether the upgrade is appropriate: (1) the overall benefits the upgrade and (2) the cost and market demand when determining if the deployment of infrastructure is appropriate. Each method will be discussed in turn.

A. OVERALL BENEFITS OF THE UPGRADE

This method recognizes the move to a competitive network and the desire to develop an advanced infrastructure within the various networks, without regard to locale. We realize the ability to provide cost/benefit justification for rural areas is difficult for some companies since the number of present subscribers who express an interest in these advanced services may be minimal. Forecasting new demand created by residences and businesses migrating into the area is even more difficult due to Northeast's limited resources. For some LECs, the ability to provide advanced services out of other central offices equipped with these types of services is a possible alternative. However, this alternative is virtually impossible for small LECs since they may only have one or two central offices in their service territory, as is the case for Northeast, and none of those may be equipped.

We think it is appropriate to develop an advanced infrastructure that will provide information age services to consumers no matter if the consumer lives in Jacksonville or Macclenny. In order to develop this infrastructure it will be necessary in some cases for companies providing services to rural areas to deploy equipment that may not initially meet the normal economic test, which requires the revenues generated to recover the investment in a reasonable time frame. However, if this economic test is not met, we believe the infrastructure deployment should be a logical progression of the company's network plan. In addition to providing consumers in rural areas with the potential to purchase advanced services, deployment of an advanced infrastructure may even provide an economic boost by attracting new businesses into an area. Therefore, it makes the deployment of advanced infrastructure beneficial not only to Northeast, but to

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 4

the consumers located in these rural areas. We believe this upgrade meets the overall benefits test since it introduces potential revenue sources that do not currently have a market demand and provides an advance infrastructure which could potentially provide an economic boost for the area.

B. MARKET DEMAND AND COST SUPPORT

The second method to determine whether the upgrade is beneficial is to require that cost support and market demand justify the deployment of advanced infrastructure within these rural territories. We believe the determination of prudence is a very difficult process due to the capability and upgradability of the telecommunications equipment of today. Therefore, each situation must be handled on a case-by-case basis. Generally due to time and personnel constraints associated with depreciation or rate case proceedings, we only review in detail the large budget items such as switches or outside plant installations for each company, unless a specific concern has been brought to our attention. The information reviewed varies depending on the circumstances surrounding the company's request. For most retirements, we require cost and revenue data for the possible alternatives available to the company, plus any other factors that may affect the retirement of the specific plant such as problems with outages or lack of support by an equipment vendor. This approach ensures the company has evaluated all the alternatives and chosen the best alternative for the company's situation. For the other items identified in a depreciation or rate case proceeding, we generally evaluate the company's overall projections and assumptions for reasonableness in the specific areas being reviewed.

Northeast's current DCO processor is at software Release 17.3 which provides Custom Calling Features, Advanced Calling Features, Equal Access, SS7, Voice Mail, Interchangeable NPA Codes, Four-Digit CIC codes, as well as Basic Local/Long Distance Services to its customers. Siemens has stated that it will provide upgrades to the current processor through Release 21 at a cost of approximately \$50,000 per Release for the base features. The releases between 17.3 and 21 would basically provide enhancements to present services, but would not include all of the services contained in the Vision ONE upgrade.

Northeast has identified six features, Repeat Dialing, Call Return, Priority Ringing, Preferred Call Forwarding, Call Screening and Special Call Acceptance, that it believes will experience an increase in the market demand by 25% - 50% with the deployment of Release 18. This release will cost approximately \$75,000, while

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 5

generating revenue of \$26,400 - \$52,800. In addition, Northeast estimates approximately 80 percent of the customers that subscribe to Caller ID have requested Calling Name Delivery which is provided via Release 19 at a cost of approximately \$60,000. Using Southern Bell's Calling Name Delivery rate, \$7.50, we estimate the revenue generated per year is in the range of \$13,230. Northeast has also projected a market demand of 52 business subscribers and one residential subscriber of ISDN, which is provided via the Vision ONE platform, with estimated revenues of \$127,200 per year. This estimate was developed by using Southern Bell's ISDN basic business rate service with 2 ISDN lines with a slow packet switching D channel, approximately \$200 per customer. Adding these revenue sources together provides a possible annual revenue of between \$195,000 and \$222,000. With a cost of \$542,000 for the Vision ONE upgrade, it appears Northeast will recover its investment in at least 5 years assuming projected demand for these services are accurate.

In addition to generating sufficient revenue to recover the investment in a reasonable amount of time, the Vision ONE upgrade will eliminate the need to upgrade the current processor for the projected demand requiring Releases 18 and 19, at a cost of approximately \$135,000. The Vision ONE upgrade will provide all of the base and optional features contained in Releases 17.3 - 21 in addition to ISDN, some enhanced Centrex services and some data and dial-up video conferencing services. Northeast will also have the ability to offer AIN, PCS, Automatic Call Distribution and a SONET transmission standard known as TR-303 at an additional price with the Vision ONE upgrade. We believe the revenues that will be generated justify the upgrade to the Vision ONE platform but we will continue to monitor reserving judgement about the projected demand for ISDN in the rural areas. We intend to monitor the development of these services in order to see if Northeast's projections are correct. Nevertheless, Northeast has provided reasonable assurance that its plan to replace the current processor with the Vision ONE upgrade is reasonable.

As stated earlier, we used two methods to determine whether this upgrade was justified. We find the upgrade to the Vision ONE platform meets both tests and should be approved. The upgrade to the Vision ONE platform is a logical progression of Northeast's switching hierarchy, and therefore is a reasonable investment. In addition, Northeast provided sufficient cost and market demand that would satisfy the second test, as discussed above.

We approve Northeast's request to write off the unrecovered investment associated with its present DCO switch processor and related equipment by the end of 1995. The upgrade to Vision ONE

87

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 6

will require the current processor and some switching hardware and circuit equipment to be retired. The projected December 31, 1995 total company investment and associated reserve of the assets subject to retirement are \$676,578 and \$233,874, respectively. A cost of removal is anticipated in the amount of \$6,000. The company has proposed that the projected unrecovered total company investment of \$448,704 (\$305,119 intrastate) be written off by applying 1993 overearnings with the residual amount to be written off in 1994. This action assumes the present provision for depreciation will continue for 1994 and 1995.

IV. BILL AND KEEP SUBSIDY

On January 1, 1988, the intraLATA LEC toll bill and keep subsidy pool was established in Docket No. 850310-TL, with all LECs except GTE Florida Incorporated (GTE) and Vista-United Telecommunications (Vista-United) participating. GTE and Vista-United, which experienced net losses from the implementation of LEC toll bill and keep, elected not to receive subsidies and do not participate in the pool. Pursuant to Order No. 21597, ALLTEL Florida, Inc., Central Telephone Company of Florida, The Florida Telephone Company, Inc., Gulf Telephone Company, Quincy Telephone Company, and United Telephone Company of Florida were allowed to withdraw from the intraLATA subsidy pool. Pursuant to Order No. 21955, Indiantown Telephone System, Inc. was removed from the intraLATA subsidy pool due to its excess earnings. St. Joseph Telephone and Telegraph Company's subsidy was reduced and then eliminated by Orders Nos. 22418 and 22994, respectively.

The subsidy pool was established as a temporary mechanism to ease the transition from a pooling environment to a pure bill and keep environment. The subsidy amounts were phased down on January 1st of 1989, 1990 and 1991. Through that phase down mechanism, many of the LECs were able to transition out of the intraLATA bill and keep subsidy pool. Since January 1, 1991, the subsidy receipts and payments have not changed and will not change except by specific action of this Commission.

We find that Northeast's intraLATA subsidy receipts should be reduced by \$158,000 on July 1, 1995 in accordance with the Agreement. The intraLATA subsidy pool receipts and payments shown on Attachment A to this Order are approved, effective July 1, 1995. This action will reduce Southern Bell's payment into the intraLATA subsidy pool. Southern Bell's reduction in payments shall be added to the set aside amount to be disposed of in Docket No. 920260-TL. We will continue to monitor Northeast's earnings until Northeast's Bill and Keep subsidy receipts have been eliminated as set forth in the Agreement.

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 7

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Northeast Florida Telephone Company, Inc. earned \$158,432 in revenue which exceeds 13.20% Return on Equity for 1993. It is further

ORDERED that Northeast Florida Telephone Company, Inc. apply \$160,968, consisting of \$158,432 in revenue and \$2,536 in interest, to the Stromberg-Carlson DCO Processor and associated equipment unrecovered intrastate investment. It is further

ORDERED that Northeast Florida Telephone Company, Inc. will treat \$160,968 as a reduction in rate base in 1994. It is further

ORDERED that Northeast Florida Telephone Company, Inc.'s retirement of the Stromberg-Carlson DCO Processor and upgrade to the Siemens Stromberg-Carlson Vision ONE processor are reasonable. It is further

ORDERED that the request by Northeast Florida Telephone Company, Inc. to write off the unrecovered investment associated with the Stromberg-Carlson DCO Processor is approved. It is further

ORDERED that Northeast Florida Telephone Company, Inc.'s intralATA bill and keep subsidy receipts will be reduced by \$158,000 annually, effective July 1, 1995. It is further

ORDERED that the intralATA subsidy pool receipts and payments as shown on Attachment A to this Order shall be approved, effective July 1, 1995. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's reduced subsidy payment shall be treated as an additional set aside amount to be disposed of in Docket No. 920260-TL. It is further

ORDERED that, unless a person whose interests are substantially affected by the action proposed herein files a petition in the form and by the date specified in the Notice of Further Proceedings or Judicial Review, below, this Order shall become final and Docket No. 910731-TL shall be closed.

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 8

By ORDER of the Florida Public Service Commission, this 29th
day of March, 1995.

/s/ Blanca S. Bayó

BLANCA S. BAYÓ, Director
Division of Records and Reporting

This is a facsimile copy. A signed
copy of the order may be obtained by
calling 1-904-488-8371.

(S E A L)

LMB

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 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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 19, 1995.

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.

ORDER NO. PSC-95-0426-FOF-TL
DOCKETS NOS. 910731-TL, 920260-TL
PAGE 9

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 substantially 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.

INTRALATA TOLL BILL AND KEEP
 CALCULATION OF SUBSIDY PAYMENTS
 July 1, 1995
 (\$000)

	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>
<u>COMPANY</u>	<u>INTRALATA BILL/KEEP IMPACT</u>	<u>PREVIOUS PHASE DOWN OF SUBSIDY</u>	<u>PREVIOUS COMM ACTION</u>	<u>TOTAL IMPACT (1+2+3)</u>	<u>SUBSIDY CONTRIB</u>	<u>SUBSIDY RECEIPTS</u>
NORTHEAST	(322)	40	158 *	(124)		(124)
SOUTHLAND	(151)	23		(128)		(128)
SO. BELL	10,099				<u>252</u>	
TOTAL					<u>\$252</u>	<u>(\$252)</u>

* NORTHEAST INCLUDES THE \$158,000 REDUCTION PROPOSED IN THIS RECOMMENDATION.

necessary to a complete determination of the cause.

6. BellSouth Telecommunications, Inc. relies upon Order 14452, Docket No. 820537, but has failed to attach a copy to its petition, as required by Rule 1.130(a), Fla. Rules of Civ. Proc. There are many other pertinent orders in Docket No. 820537, and BellSouth Telecommunications, Inc. has also failed to cite or attach any of these orders to its petition.

Respectfully submitted,



David B. Erwin
Young, van Assenderp & Varnadoe, P.A.
225 S. Adams St., Suite 200
Tallahassee, FL 32302
(850) 222-7206

Attorneys for
St. Joseph Telephone and Telegraph
Company, Inc.
502 Fifth Street
Port St. Joe, FL 32456

CERTIFICATE OF SERVICE


I HEREBY CERTIFY that a true copy of the foregoing Motion to Dismiss on behalf of St. Joseph Telephone and Telegraph Company, Inc. has been furnished by U.S. Mail or by hand delivery this 15th day of July, 1997 to the following:

Beth Culpepper
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Jack Shreve
Office of Public Counsel
111 W. Madison St.
812 Claude Pepper Blvd.
Tallahassee, FL 32399-1400

Robert G. Beatty
BellSouth Telecommunications
150 S. Monroe Street
Tallahassee, FL 32301

Nancy B. White
BellSouth Telecommunications
150 S. Monroe Street
Tallahassee, FL 32301



David B. Erwin