

NANCY B. WHITE
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August 30, 2001

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

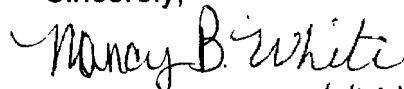
Re: Docket No. 010774-TP

Dear Ms. Bayó:

Enclosed please find the original and fifteen copies of BellSouth Telecommunications, Inc.'s Responses to Staff's questions regarding proposed rule on customer notice requirements, which we ask that you file in the above-referenced matter.

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 (KA)

cc: All Parties of Record
Marshall M. Criser III
R. Douglas Lackey

DOCUMENT NUMBER - DATE

10836 AUG 30 2001

FPSC-COMMISSION CLERK

**CERTIFICATE OF SERVICE
Docket No. 010774-TP**

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

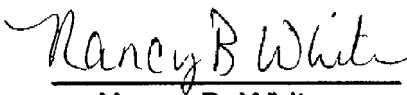
U.S. Mail this 30th day of August, 2001 to the following:

**Martha Brown
Staff Counsel
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Tallahassee, FL 32399-0850**

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**Ms. Carolin Marek
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Franklin, TN 37069**


Nancy B. White
Nancy B. White (KH)

Docket No. 010774-TP
BellSouth's Responses

1. What is the problem that this rule is intended to correct?

Unlike BellSouth, other telecommunication companies furnishing service within this state may not provide customers with advance notification of price increases. This rule is intended to require advance notification so that customers have the information necessary to make decisions about their service before the price increase becomes effective. As set forth in response to question 7 below, BellSouth already provides its customers thirty (30) days' advance notice of price increases. BellSouth does not see a potential problem in decreasing prices without notice and, as such, does not think price decreases should be addressed in this proceeding.

2. Does this rule accomplish what it is intended to accomplish?

The rule requires advance notification as intended. However, it unnecessarily increases costs to telecommunication companies without commensurate benefit to consumers. BellSouth believes that the goal can be accomplished at a lesser cost by following the procedures set forth in response to question 7 below.

3. Are there any other Commission rules that already address the problems this rule is intended to address?

No.

4. Are there any other laws (i.e. federal rules, statutes, etc.) which already address the problems this rule is intended to address?

We have interpreted your request to encompass advance notification to end-users only. Therefore, we are not addressing existing laws that require notification to carriers.

Section 61.58(a)(4), Title 47 of the Code of Federal Regulations, provides that if a tariff publication increases a rate or charge, "the offering carrier must inform the affected customers of the content of the tariff publication." The Rule does not specify that notification be made in advance.

Florida law, however, does require advance notification of price increases. Sections 364.051(3) and (5), Florida Statutes, provide that local exchange telecommunication companies may adjust basic service prices on thirty (30) days' notice to the Commission and non-basic services on fifteen (15) days' notice to the Commission. These filings are available for public inspection.

BellSouth believes that these statutory notification mandates, coupled with the advance notification BellSouth currently provides, ensure that customers receive adequate advance notification of price increases.

5. What are the costs involved if this rule is adopted?

BellSouth's billing information system will have to be modified to identify those customers that would receive a notice. Once identified, the billing information would be fed to the data servers in the bill distribution centers in Alpharetta and Birmingham. If customers are co-mingled in one feed, the enclosing equipment in the bill distribution centers will have to have print heads installed on them to do the actual printing of the notice. This would create an increase in capital costs. There could be additional capital equipment requirements if some equipment is not print-head compatible. There would be other miscellaneous material expenses (for ink, etc.). If the customers are separated into two bill streams (with and without notice requirement), the envelopes would have to come to the bill distribution centers preprinted by the current envelope vendor. This would raise the price per and require the bill distribution centers to maintain separate inventories for envelopes. Dedicated equipment operators may be required, and that would drive up operational expenses.

In either scenario (one bill stream or two bill streams), if the Company is required to apply a notice to the envelope, there are a couple of concerns that need to be addressed: (1) If the notice is on the back of the envelope, current consumer advertising space could be jeopardized; and (2) If the printing is on the front, there could be U.S. Post Office conflicts regarding bar codes, window placements, and addressing.

Regarding hardware and software changes and their costs, these estimates will have to be developed by our outsourced group (Accenture). Accenture would have to modify the billing information in the system to identify those customers that would receive a notice. The process to obtain estimates is in progress.

Lastly, since notices are not normally sent for notice of rate reductions, this would increase the costs as well.

6. Are there other noticing mechanisms that would accomplish the same goal at less cost?

Yes, this is being done today as described in response to question 7.

7. Are companies already providing notice of customers in regard to changes in rates? If so, how?

BellSouth notifies customers of price increases by filing tariffs. As set forth in paragraph 4, adjustments to basic service prices require thirty (30) days' notice and adjustments to non-basic services require fifteen (15) days' notice. Additionally, customers are generally notified of all price increases thirty (30) days in advance via a message on the customer's bill the month before the price increase becomes effective. Notice is given to both residential and business customers.

Business CLUB and electronically billed customers do not receive these bill messages, but are provided a bill insert. Customers who have chosen the Internet billing option are provided the customer notice via a link to a website.

When price changes involve a very small group of customers, direct mail notification may be utilized. Bill inserts are used for customer notification for Inside Wire price changes.

8. Should customers be notified of a rate decrease?

No. The customer automatically receives a benefit when a rate is decreased. The prices for BellSouth products are already provided on the bill, so the customer has the option to examine these as desired. In some cases the Company will provide customer notification of reductions as part of a marketing promotion, as is appropriate in a competitive environment.

However, there is an existing format for rate change notice that is available to the general public. A rate change notice is posted on the BellSouth internet website, that was developed for wholesale customers (CLECs). This CLEC notice is given at least 45 days prior to a rate change, and it includes rate decreases.

9. How many complaints has your company received from customers when rates are changed without notice?

Because BellSouth provides advance notification of price increases, BellSouth is not aware of complaints of this nature. On one occasion, however, due to a computer glitch in billing, customers were given notice of a price adjustment, but subsequently not billed in accordance with the notice. When BellSouth later began billing customers in accordance with the initial notice, customers complained of the increase. This atypical situation arose from an error in BellSouth's billing procedure that resulted in a long delay between the time of notice and the time of billing, rather than from a failure on BellSouth's part to provide advance notice of the price adjustment.

10. What changes in "terms and conditions" should be subject to the noticing requirements?

Only when terms and conditions changes affect the price of the product or the way the prices are applied should customers be notified. A special case exists for Inside Wire. The Company does provide notice to the customer for any change in the terms and conditions as well as for any changes to the Inside Wire Pricing Plan. From a wholesale perspective, any time a change in the tariff is made, a CLEC notice is posted. As mentioned in paragraph 8, this is available to the general public on the BellSouth Internet web site.

11. Does customer include wholesale customers?

No, because prices of services to wholesale customers are set forth in interconnection agreements. The prices can only be changed by amendments to the contract negotiated with the

wholesale customer and approved by the Commission or by reason of a Commission order changing prices.

12. What is meant by “cost of service” and why is that phrase used when the rest of the rule refers to a “price increase”?

BellSouth believes that the term “cost of service” was used in error and that the rule should only refer to “price increase.”

13. Should companies be required to provide a copy of their notices to the Commission?

No.