

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of CITIZENS OF THE STATE)	DOCKET NO. 890190-TL
OF FLORIDA to investigate SOUTHERN BELL)	
TELEPHONE AND TELEGRAPH COMPANY'S cost)	ORDER NO. 20948
allocation procedures)	
<hr/>	
	ISSUED: 3-27-89

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
 BETTY EASLEY
 JOHN T. HERNDON
 GERALD L. GUNTER

ORDER GRANTING PETITION AND
DENYING MOTION TO DISMISS

BY THE COMMISSION:

On November 18, 1988, Public Counsel filed a Petition to Investigate Southern Bell's Cost Allocation Procedures. On December 8, 1988, Southern Bell Telephone and Telegraph Company (Southern Bell) filed a Motion to Dismiss Public Counsel's Petition. Public Counsel's Response to Southern Bell's Motion to Dismiss was filed on December 20, 1988.

By Order No. 20735, issued February 14, 1989 we recognized Southern Bell's authority to provide customer premises equipment (CPE) on a nonstructural basis without initially obtaining a waiver of Rule 25-4.0345, Florida Administrative Code. However, as we expressly stated in that Order, this recognition was not to be construed as unconditional approval of Southern Bell's use of BellSouth's Cost Allocation Procedures in its nonstructural provision of CPE.

Public Counsel's petition asks us to initiate an investigation into Southern Bell's cost allocation procedures and to set the matter for a hearing. The petition demonstrates strong reservations regarding whether Southern Bell's cost allocation procedures adequately guard against cross-subsidization of its unregulated operations.

In response and in support of its motion to dismiss, Southern Bell argues that such an investigation is unwarranted, given the scrutiny applied to the cost allocation manual (CAM) in proceedings before the Federal Communications Commission (FCC). Additionally, Southern Bell points to routine Staff audits of its own internal and external audits as a further means of assurance against cross-subsidization.

We do not find Southern Bell's arguments persuasive. Initially, it must be noted, as Southern Bell itself concedes, the FCC's conditional approval of the BellSouth CAM is in no way binding upon this Commission. Additionally, many of the concerns expressed by Public Counsel parallel those raised by our Staff. Finally, and most importantly, while audits can assure us that cost allocation procedures are being followed, audits will not disclose the adequacy of the procedures themselves in preventing cross-subsidization. The investigation requested by Public Counsel's petition is an ideal vehicle for addressing our concerns over Southern Bell's cost allocation methodology.

DOCUMENT NUMBER-DATE

03152 MAR 27 1989

FPSC-RECORDS/REPORTING

ORDER NO. 20948
DOCKET NO. 890190-TL
PAGE 2

Based upon the above considerations, we grant Public Counsel's Petition to Investigate Southern Bell's Cost Allocation Procedures and deny Southern Bell's Motion to Dismiss Public Counsel's Petition. This docket shall remain open pending the results of the investigation.

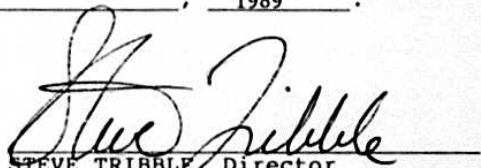
Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Public Counsel's Petition to Investigate Southern Bell's Cost Allocation Procedures is hereby granted as set forth in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph Company's Motion to Dismiss Public Counsel's Petition is denied as set forth in the body of this Order. It is further

ORDERED that this docket shall remain open as set forth in the body of this Order.

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


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

ORDER NO. 20948
DOCKET NO. 890190-TL
PAGE 3

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 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 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 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.