

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed Tariff Filing by) DOCKET NO. 890279-TL
 Southern Bell Telephone and Telegraph)
 Company to Revise the ESSX Service) ORDER NO. 21033
 Tariff to Recover the Effect of)
 Increased End User Common Line) ISSUED: 4-12-89
 Charges.)

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, CHAIRMAN
 THOMAS M. BEARD
 BETTY EASLEY
 JOHN T. HERNDON
 GERALD L. (JERRY) GUNTER

ORDER APPROVING TARIFF

BY THE COMMISSION:

On January 27, 1989, Southern Bell Telephone & Telegraph Company (Southern Bell) filed a proposal to revise the ESSX service tariff to recover increased End User Common Line (EUCL) charges from ESSX rates. This subscriber line charge, imposed by the Federal Communications Commission (FCC), is designed to recover nontraffic-sensitive costs from end users of the telephone network rather than interexchange companies. It has generated substantial controversy among all interested groups.

Southern Bell's current ESSX tariff, approved in December 1988, contains a credit against the EUCL. The credit equalizes the EUCL paid by ESSX customers to that paid by PBX customers on a per line basis.¹

Decisions at the federal level have substantially impacted implementation of intrastate rates to recover the EUCL. It was decided to phase in, over a period of years, the recovery of the EUCL from residential and single line business customers, as well as from embedded Centrex-type lines², with the final increment due on April 1, 1989. This has yielded precalculated increases in this charge at specific times. Because of this phase in, ESSX customers paid a higher EUCL than embedded ESSX customers until the last installment of the phase in, at which time the charges to the two groups will be the same.

¹ The subscriber line charge is assessed on a per trunk basis for PBX customers and on a per station line basis for ESSX/Centrex/CentraNet-type customers. In a 100 line system with a typical 10:1 station to trunk ratio at present rates, an ESSX customer would pay \$600.00 per month in subscriber line charges (\$6.00 x 100 lines), while an equivalent PBX customer would pay \$60.00 (\$6.00 x 10 trunks).

² Embedded Centrex is Centrex-type lines which were in place or on order as of July 27, 1983.

DOCUMENT NUMBER-DATE

03681 APR 12 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21033
DOCKET NO. 890279-TL
PAGE 2

As Southern Bell has modified the rate structure of its ESSX offering over the years to meet this requirement, it has offered existing ESSX customers the opportunity to sign up for the new rate schedules.

When Southern Bell reinstated the ESSX subscriber line charge credit in December, 1988, it estimated that 45 percent of the customers taking service from the new tariff would be embedded ESSX station lines paying a \$4.00 EUCL, versus the \$6.00 being paid by other ESSX station line customers. This served as the base upon which the credit was calculated. Also, in the calculation of the ESSX intercom (station line) charge, Southern Bell assumed the same differential for subscriber line charges for the two groups. However, under the last schedule for phase in of the EUCL, the charges are the same for both groups (\$6.00). Therefore, the amount of the credit must increase to equalize the disparity.

To fund this increased credit, Southern Bell proposes to increase the intercom charge by \$.90 per line. This increase is derived by multiplying the 45 percent of customers estimated to subscribe to the new ESSX tariff by the difference between the old rate of \$4.00 and the new rate of \$6.00 (i.e. $.45 \times \$2.00 = \$.90$). This increase will apply to all ESSX customers who convert to the new ESSX tariff on or after April 1, 1989, or for customers receiving service under the December 1988 tariff and who add station lines on or after April 1, 1989. This tariff revision permits the subscriber line charge credit to keep up with the latest and likely final changes in the subscriber line charge, while retaining the same level of contribution from intrastate revenues. This is done by increasing the subscriber line charge credit for customers ordering out of this tariff after April 1, 1989 only, and increasing the station line (intercom) charge, so that the overall impact to the company in this one point is revenue neutral. We note also that the embedded ESSX customers receiving the subscriber line charge credit under the pre-1985 rate schedule (the first credit), or under the December, 1988 tariff, will also see their credit increased as the subscriber line charge has increased. This increase will be absorbed by Southern Bell, resulting in some loss in contribution for the combined service.

We find that this tariff revision is appropriate in that it is revenue neutral to the company and the rate impact is confined to the proper class of customers.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff proposal by Southern Bell Telephone & Telegraph Company to revise the ESSX service tariff to recover increased End User Common Line (EUCL) charges from ESSX rates is hereby approved as described herein. It is further

ORDERED that this docket be and hereby is closed.

ORDER NO. 21033
DOCKET NO. 890279-TL
PAGE 3

By ORDER of the Florida Public Service Commission,
this 12th day of April, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ELJ

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.

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.