

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Tariff filing by SOUTHERN BELL	)	DOCKET NO. 870594-TL
TELEPHONE AND TELEGRAPH COMPANY to	)	
introduce banded rates for Custom	)	
Calling Services and Prestige Single	)	
Line Service	)	
	)	
In re: Tariff filing by SOUTHERN BELL	)	DOCKET NO. 871328-TL
TELEPHONE AND TELEGRAPH COMPANY to	)	
implement a rate reduction within the	)	
banded rates for the speed calling 30	)	
code feature of Custom Calling Services	)	ORDER NO. 21338
and Prestige Single Line Service	)	
	)	ISSUED: 6-5-89

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER APPROVING CONTINUATION OF BANDED RATE PRICING  
AND PARTIALLY ELIMINATING FOLLOW-UP REPORTS

BY THE COMMISSION:

On May 12, 1987, Southern Bell Telephone and Telegraph Company (Southern Bell) filed a tariff to introduce banded rate pricing for Custom Calling Services (CCS) and Prestige Single Line Service (PSLS). This flexible pricing concept establishes a minimum and maximum rate for the service features within which the price may vary, following a thirty (30) day advance notice to the Commission and existing subscribers. A separate rate band with a different minimum and maximum rate is applicable to each CCS/PSLS feature.

By Order No. 18326, issued October 21, 1987, we approved the application of banded rate pricing for CCS/PSLS. However, because of the novelty of banded rate pricing in existing discretionary services, we ordered Southern Bell to file quarterly reports with the Commission during an 18-month evaluation period to provide us with information on the number of customers subscribing to the service, company revenues and promotional campaigns. Additionally, we instructed our staff to monitor these services for eighteen (18) months and at the end of that time to formulate a recommendation, based upon information collected through the quarterly reports, on whether Southern Bell's banded rates for CCS/PSLS should continue.

By Order No. 18759, issued January 27, 1988, in Docket No. 871328-TL, Southern Bell reduced Speed Calling 30 to the minimum rate within the band. Residential Speed Calling 30 dropped from \$3.50 to \$3.00, and Business Speed Calling dropped from \$5.50 to \$5.00. Because Southern Bell has only made one

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rate change within the rate bands, the information available to us on the impact of rate changes on company revenue and customer demand is limited.

Based upon the quarterly reports, it is clear that after implementation of the rate change, customer demand for the service and company revenue declined. This demonstrates that even though Speed Calling 30 rates were reduced within the bands, the total number of customers declined, despite the rate reduction. This is the type of information we perceived would be useful in determining the appropriateness of banded rate pricing for CCS/PSLS. However, since the information is limited only to Speed Calling 30, our analysis is limited.

We find it noteworthy that even though Southern Bell reduced their rates for Speed Calling 30, customer demand actually declined. It is possible that demand would have declined even more without the price reduction. In addition, company revenue also declined despite the rate reduction. Based on this information, we still have some reservations about the effectiveness of banded rate pricing on competitive services. In our opinion, Speed Calling 30 is the only competitive CCS/PSLS feature; therefore, customer reaction to price changes of the other CCS/PSLS features may be different. Most of the other features have little effective competition. Since the information we have collected is limited to one CCS/PSLS feature, it should not be used to generalize about banded rates for all CCS/PSLS features.

Therefore, we will approve the continuation of Southern Bell's application of banded rate pricing for Custom Calling Services and Prestige Single Line Service. However, based on the company's slow implementation of price changes within the bands, we will require Southern Bell to file reports with us only when there are rate changes within the bands. The company shall file a report six (6) months after each rate change to allow staff to analyze the impact of the rate change. The report shall include quarterly data for the corresponding period from the previous report (or effective date of the tariff for the first report).

Our staff will continue monitoring CCS/PSLS with banded rates to gather data on the impact of rate changes within the bands until we are satisfied that the service is in the public interest or we decide to discontinue the pricing concept.

Therefore, based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company's tariffed banded rate prices for Customer Calling Services and Prestige Single Line Service are authorized to continue as described in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph Company is no longer required to file quarterly reports with the Commission, but need only file such a report after making a rate change within the band, as discussed in the body of this Order. It is further

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ORDERED that both Docket No. 870594-TL and Docket No. 871328-TL are hereby closed.

By ORDER of the Florida Public Service Commission,  
this 5th day of June, 1989.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ABG

by: Kay Flynn  
Chief, Bureau of Records

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.