

BEFORE THE FLORIDA SERVICE COMMISSION

In re: SOUTHERN BELL TELEPHONE COMPANY'S)	DOCKET NO. 890955-TL
FILING TO ALLOW MULTI-LINE BUSINESS)	ORDER NO. 21848
ACCOUNTS TO SUBSCRIBE TO OPTIONAL)	ISSUED 9-7-89
MEASURED SERVICE IN THE BREVARD COUNTY)	
EXCHANGE (T-89-366))	
_____)	

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 TARIFF FILING

BY THE COMMISSION:

On July 7, 1989, Southern Bell proposed revisions to its General Subscriber Tariff to allow multi-line business accounts (with rotary or without rotary) to subscribe to optional measured service in the Brevard County exchanges. Currently this offering is limited to single line business and residential accounts only. The company has requested an effective date of September 3, 1989.

The proposed revisions to the Brevard County optional measured service section of the tariff are to make the measured service option available to multi-line accounts and to provide measured service option for a business line with rotary.

The proposed measured rates in Brevard County for the Cocoa and Cocoa Beach exchanges include a \$20.50 per line rate plus \$.05/\$.04 for the 1st minute and \$.16/\$.12 for every additional minute for Tier 1 and Tier 2, respectively. There will also be a \$7.15 calling allowance before the measured service begins. The existing flat rate for business with rotary is \$38.90.

DOCUMENT NUMBER-DATE

08978 SEP-7 1989

FPSC-RECORDS/REPORTING

ORDER NO. 21848
DOCKET NO. 890955-TL
PAGE 2

The proposed Optional Measured Service rate for the Eau Gallie, Melbourne, and Titusville exchanges is \$19.81 per line, assuming identical usage as outlined above. The existing business flat rate with rotary for the Eau Gallie and the Melbourne exchange is \$37.63 per line and the Titusville exchange is \$36.05 per line.

The purpose for these proposed revisions is to expand the measured service offering in Brevard County to multi-line customers and thus provide these customers with the same option that is currently only available to single line customers.

Measured service was originally offered in Brevard County pursuant to Order No. 8350, issued on June 9, 1978. Under the Brevard Plan, there would be two rates available for Brevard County customers. In the case of a one-party residential customer, the options would be the LFR (flat rate residential one-party service) and LMR (measured rate residential one-party service). Residential customers would be able to obtain flat rate service if they elected not to take the LMR service. Business rates were also to be established in a similar manner for single line accounts with both measured and flat rate options.

There is no reason to exclude multi-line customers from a basic class of service offering currently available to single-line customers. This filing provides an alternative to flat rate service for multi-line customers.

Optional measured service is currently available in five Florida counties. These counties are Palm Beach, Dade, Clay, Broward, and Brevard. All five counties offer single line and multi-line optional measured service to both business and residential customers with the exception of Brevard County. Brevard County is the only county in which Southern Bell currently offers optional measured service to single line business and residential customers only. The matrix attached hereto (Attachment A) provides all locations by county in which Southern Bell offers optional measured service.

The company estimates that the yearly gross revenue impact of these revisions is to be a \$14,800 loss. This estimate is based on current average savings compared to flat rate for business single-line measured service customers and on the

ORDER NO. 21848
 DOCKET NO. 890955-TL
 PAGE 3

assumption that allowing multi-line customers to subscribe to measured service will increase the total number of business measured service lines by 50%.

The estimated annual loss of \$14,800 was calculated as shown on Attachments B and C. This loss is based on three assumptions: that multi-line accounts are allowed to subscribe to measured service, that half of the current number of lines will be added to measured service and that the other half of the remaining lines will have rotary. For the tariff filing, \$14,800 was rounded to \$15,000 as the annual revenue loss.

Applying the estimated incremental costs for recording and processing local messages to the estimated local messages that would be associated with the added measured lines, it is anticipated that there would be an additional \$700 yearly cost to Southern Bell. Therefore, the total net yearly cost to Southern Bell is estimated to be \$15,500.

The yearly revenue impact, based on estimated customer savings on multi-line measured service customers, compared to flat rate, is as follows:

<u>Number of Lines Per Account (size)</u>	<u>Monthly Savings</u>
2 (small)	\$ 13.06
5 (medium)	32.65
10 (large)	65.30

This chart shows that the typical small customer with two lines can save \$13.06 with measured service. These estimated monthly savings were determined by calculating an estimated monthly savings per measured line and applying that amount to the assumed number of lines per account size. The estimated monthly savings per measured line was determined by dividing the estimated total monthly savings for Brevard County multi-line measured service accounts by the estimated number of associated lines.

ORDER NO. 21848
 DOCKET NO. 890955-TL
 PAGE 4

The comparison for the Cocoa exchange customer in Brevard County would be as follows:

<u>CURRENT RATE</u>	<u>PROPOSED RATE</u>		
<u>Flat Rate for Business w/Rotary</u>	<u>Proposed Access Line Rate</u>	<u>Usage *Rate</u>	<u>Allowance</u>
\$ 38.90	\$ 20.51	Tier 1 \$0.05/0.04 Tier 2 \$0.16/0.12	\$ 7.15

*First Minute/Additional Minute

The costs associated with Southern Bell's proposed measured service rates are based on results of the 1987 Exchange Cost Study (ECS). The Embedded Direct Analysis cost of a measured business line is calculated to be \$42.77 per month. The Exchange Cost Study used to determine access line costs is a generic methodology provided to disaggregate the Customer Line and Local Usage Categories into appropriate classes of service. This study was specifically used by Southern Bell to respond to requests by regulatory agencies for a cost of service study covering past results and to answer specific questions by regulatory bodies regarding revenue/cost relationships. Southern Bell asserts that assumptions, cost methodology and back up data in the ECS study are proprietary. We have not reviewed this back-up information; however, since we have previously approved this tariff rate and structure, it seems appropriate to base this decision upon it.

We have the following concerns regarding Southern Bell's tariff filing. The first one is that Southern Bell is proposing a tariff that generates a loss. Southern Bell states that when measured service is provided as an option, a loss results initially, since generally only those customers who would benefit economically subscribe to the service. As the service continues to be offered, the company should begin to have positive gains.

ORDER NO. 21848
DOCKET NO. 890955-TL
PAGE 5

Southern Bell in the next twelve months plans to provide customers in Brevard County with comparative bills showing customers what their local service bill would have been if they were a subscriber to local measured service.

Another question which concerns us is why optional measured calling for multi-line business accounts was not offered in Brevard County when it was offered to single line accounts. Southern Bell states that the call option originally focused on low use and small customers. This filing will now allow multi-line customers the same measured service option as single line customers and help alleviate any confusion which might result if a portion of the business community were excluded from the dual billing undertaken. Furthermore, Southern Bell states that it plans to provide all customers in Brevard County with comparative bills, within the next 12 months, showing customers what their local service bill would have been if they were a subscriber to local measured service.

Based on the information presented in this docket, we believe that Southern Bell's proposed tariff filing for optional measured service for multiline business accounts should be approved. It appears that the additional rate option will alleviate any confusion which may result if a portion of the business community is excluded from the multi-line measured service option in Brevard County. Further, the rates have previously been approved, and although we do not have cost back-up, we believe it is reasonable to extend them to other classes of service as an option.

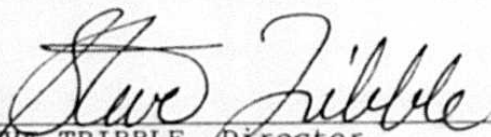
Based on the foregoing, it is

ORDERED that Southern Bell Telephone and Telegraph Company's (Southern Bell) tariff filing to allow multi-line business accounts to subscribe to Optional Measured Service in the Brevard County exchanges is approved effective September 3, 1989. It is further,

ORDER NO. 21848
DOCKET NO. 890955-TL
PAGE 6

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission,
this 7th day of SEPTEMBER, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

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ORDER NO. 21848
 DOCKET NO. 890955-TL
 PAGE 7

ATTACHMENT A
 PAGE 1 of 1

COUNTY	EXCHANGE	AVAILABILITY		IMPLEMENTATION DATE
		SINGLE LINE	MULTI-LINE	
Palm Beach	Jupiter	Yes*	Yes*	12-31-78
Palm Beach	Delray Beach	Yes*	Yes*	04-01-79
Dade	Miami**	Yes*	Yes*	04-19-79
Clay	Orange Park	Yes*	Yes*	06-16-79
Broward	Hollywood***	Yes*	Yes*	09-15-79
Brevard	Cocoa	Yes	No	12-08-79
Brevard	Cocoa Beach	Yes	No	12-08-79
Brevard	Eau Gallie	Yes	No	12-08-79
Brevard	Melbourne	Yes	No	12-08-79
Brevard	Titusville	Yes	No	12-08-79
Clay	Green Cove Springs	Yes*	Yes*	06-08-80

- * - Low use and standard measured options grandfathered on 12-1-81.
 ** - Miami (Metro) wire center only.
 *** - Hollywood (Pembroke Pines) wire center only.

ORDER NO. 21848
DOCKET NO. 890955-TL
PAGE 8

ATTACHMENT B
PAGE 1 of 1

CURRENT BREVARD BUSINESS MEASURED SERVICE

EXCHANGE	NUMBER OF LINES	FIXED CHARGE PER LINE	BILLED USAGE PER LINE	AVG. SAVINGS PER LINE
Cocoa	63	\$ 14.65	\$ 2.12	\$ 8.98
Cocoa Beach	77	14.65	1.48	9.62
Eau Gallie	82	14.65	1.14	9.61
Melbourne	118	14.65	1.66	9.09
Titusville	38	14.65	1.96	7.73

ORDER NO. 21848
 DOCKET NO. 890955-TL
 PAGE 9

ATTACHMENT C
 PAGE 1 of 1

ESTIMATED MONTHLY REVENUE IMPACT OF ADDED MEASURED LINES

Exchange	Non-Rotary Average Savings Lines vs. Flat		Rotary Average Savings Lines vs. Flat		Total Savings vs. Flat	Annual Revenue Loss
Cocoa	16	\$ 6.98	16	\$ 6.27	\$ 212.00	\$ 2,544.00
Cocoa Beach	19	7.62	19	6.91	276.07	\$ 3,312.84
Eau Gallie	21	7.61	21	5.98	279.09	\$ 3,349.08
Melbourne	30	7.09	30	5.16	367.50	\$ 4,410.00
Titusville	10	5.73	10	4.27	100.00	\$ 1,200.00
TOTALS					\$1,234.66	\$14,815.92

Total Monthly Customer Savings (SB Loss) \$1235. Total Yearly Customer Savings (SB loss) \$14,800. For the tariff filing, \$14,800 was rounded to \$15,000 as the annual revenue loss.