

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing by)	DOCKET NO. 890815-TL
SOUTHERN BELL TELEPHONE AND TELEGRAPH)	
COMPANY to clarify regulations regarding)	ORDER NO. 22743
percent interstate usage (PIU) reporting)	
requirements)	ISSUED: 3-28-90
)	

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 DENYING TARIFF AND ALLOWING TARIFF TO BE
 REFILED WITH CERTAIN MODIFICATIONS

BY THE COMMISSION:

I. Background

By Order No. 12765, issued December 9, 1983, this Commission authorized the local exchange companies (LECs) to monitor and audit the Percentage of Interstate Use (PIU) of interexchange carriers' (IXCs') traffic. This was to ensure that access charge payments made by the IXCs for intrastate calls would be booked to the appropriate jurisdiction. By Order No. 17879 on July 20, 1987 we again addressed PIU, requiring monthly reporting of percent interstate usage (PIU) by the IXCs, requiring annual reports on audit procedures by the LECs, and requiring IXCs' records to be readily available.

Southern Bell began auditing IXCs' reported PIUs in 1988 and found that the record keeping of some of the carriers was insufficient to extrapolate a correct percentage of inter/intrastate usage. The company sought to eliminate this problem by filing proposed charges to its Access Tariff to reflect more exact calculation and record retention methods. The proposed tariffs were filed on April 17, 1989. Since that time there have been four workshops and numerous meetings between our Staff, the IXCs and Southern Bell.

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In support of its filing, Southern Bell claims to have been having difficulties during recent audits of IXCs' PIUs because the records maintained by some IXCs are too vague or unorganized to be useful. The company states that its auditors are unable, in some instances, to derive a reliable PIU figure from these records and must measure the traffic themselves during the audit to obtain any desired results. A further complication is that the method used for calculating PIU has not been precisely quantified in either the company's tariff or any Commission Order. This results in different calculation methods among IXCs, which results in different PIU percentages even if the data is accurate.

Southern Bell's revisions to rectify each of these problems met heavy opposition from IXCs, who believed the new conditions too onerous and costly. Workshops were held with interested parties on June 7, July 10, and September 21, 1989, and on January 3, 1990, in an attempt to solve Southern Bell's auditing problems in a way that the IXCs found acceptable. Initially it appeared that the parties had agreed to Southern Bell's proposed changes. However, it is now clear that no final agreement was reached by all parties.

II. Proposed Tariff

Southern Bell's tariff proposal addresses three primary issues: a methodology for calculating PIU for Feature Group A and B traffic, the records to be maintained by the IXCs, and the LEC's auditing procedures.

A. PIU Methodology

The methodology proposed by Southern Bell provides a more accurate level of detail than the method currently used by many IXCs for calculating Feature Group A and B PIU. The formula is as follows:

$$\begin{array}{rcl}
 \text{Total Interstate} & + & \text{Total Interstate} \\
 \text{Originating Minutes} & & \text{Terminating Minutes} \\
 \hline
 \text{Total} & + & \text{Total} \\
 \text{Originating Minutes} & & \text{Terminating Minutes}
 \end{array}$$

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This formula incorporates both originating and terminating minutes of use as opposed to the current method many IXCs use which only uses originating minutes. The LECs contend that many IXCs use FG D circuits for originating traffic, but terminate on FG B which results in inaccurate PIU figures for FG B traffic when only originating minutes are counted.

Southern Bell depends upon the IXCs to calculate the proper PIU for FG A and B traffic because it cannot identify the jurisdiction of the traffic at its switch. Only the IXCs only have the capability to identify this traffic. The LECs can capture intrastate Feature Group D originating traffic; however, they cannot identify intrastate FG D terminating traffic. The IXCs contended that since the LECs used a surrogate for FG D terminating traffic that equaled the originating percentage, they should be able to do the same for FG A and B.

All of the parties, save one, agreed that Southern Bell's proposed formula should be incorporated in its tariff. In addition, FIXCA suggested the possibility of other more accurate but also more complex methods. While a more accurate formula may exist, the simplicity of the one offered by Bell is easily and readily understood and is easily implemented.

B. Record Retention Requirements

The second area covered in this tariff proposal deals with the IXCs' requirements for record retention. The proposed tariff requires IXCs to retain "magnetic tapes of call detail records for raw and billable traffic, a listing of all originating and terminating trunk groups, billing information from other telephone companies, (IXC) customer billing information or mutually agreed upon records ..." for a minimum of one year.

The language proposed by the company appears somewhat excessive. We also note that the Company, in response to FCC concerns of the same language, amended the language to provide that mutually agreed upon records could consist of "a summary of data compiled from the records" referenced in the tariffs initial language. Although this language

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was ultimately rejected by the FCC, we believe that this language allows more latitude in the amount of record keeping required. The company contends that the reason it is not offering the language in Florida is because it believes that an agreement was reached. The company states that it is not prepared to alter any language from that alleged agreement.

C. Auditing Procedures

The final area addressed in the tariff, revised and agreed to by all parties, concerns two components of the LEC's auditing procedure. First, the tariff states that Southern Bell will work with other IXCs to develop joint audits of IXCs, limiting the audits to one per year. In addition, other LECs expressed interest in combining the auditing procedures. We encourage this approach. Second, the tariff proposal provides for a recalculation of the PIU from the IXC if the IXC underreports intrastate usage and, if greater than five percent, a reimbursement to the LEC for the cost of the audit. We agree that some penalty is warranted when an IXC significantly underreports its intrastate usage. The cost of the audit is an expense Southern Bell pays to an outside, non-affiliated accounting firm. The recovery of this expense appears justified when the results of an audit indicate that, without it, the IXC would be paying a significantly smaller amount of intrastate access charges.

III. Conclusion

Upon consideration of the foregoing, we cannot approve the tariff as filed. The parties agree to all provisions except those for record retention. We reiterate our belief that, as proposed, they are too onerous. Our opposition to the tariff would be resolved if Southern Bell were to refile its proposed tariff amended to reflect the provisions of its FCC access tariff dealing with maintenance of IXC records discussed above.

Based on the foregoing, it is

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ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company's tariff proposing to amend its provisions for calculations and reporting of an IXC's percent of interstate usage is denied as set forth in the body of this Order. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission,
this 28th day of MARCH, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

TH

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

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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.