

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for review of rates and)	DOCKET NO. 860723-TP
charges paid by PATS providers to LECs)	ORDER NO. 23428
_____)	ISSUED: 9-5-90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER APPROVING PROPOSED TARIFF REVISION AND
REQUIRING REFUND OF CERTAIN CHARGES BEING
HELD SUBJECT TO REFUND PURSUANT TO ORDER NO. 22385

BY THE COMMISSION:

By Order No. 21614, issued July 27, 1989, we proposed requiring all local exchange companies (LECs) to bill, collect, and remit to nonLEC pay telephone (PATS) providers the up to \$1.00 surcharge on 0- and 0+ intraLATA LEC-handled calls placed from nonLEC pay telephones. Additionally, we stated that the LECs should separately identify nonLEC pay telephone calls on customer bills as part of their billing and collection service. Finally, we required the LECs to file the necessary tariffs to implement these new requirements as soon as possible, but no later than January 1, 1990. No protest was filed to our proposal, so Order No. 21614 became final on August 18, 1989, as reflected in Order No. 21761, issued August 21, 1989.

On November 1, 1989, the LECs began filing tariff proposals in response to Order No. 21614. At our December 19, 1989, Agenda Conference, we reviewed the LECs' tariff proposals. The tariff proposals filed by the LECs were similar in most respects. Each tariff provided for a nonrecurring charge at the time the service is established, as well as a recurring charge on a per message basis. The nonrecurring and recurring charges to be imposed by the LECs were as follows:

DOCUMENT NUMBER-DATE

07967 SEP -5 1990

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<u>Company</u>	<u>Nonrecurring Charge</u>	<u>Recurring Charge</u>
ALLTEL	\$33.00	\$.06
Centel	17.57	.0666
Floral	30.00	.09
GTEFL	30.00	.09
Gulf	30.00	.09
Indiantown	23.35	.07
Northeast	23.35	.07
Quincy	30.00	.09
St. Joe	30.00	.09
Southern Bell	23.35	.07
Southland	30.00	.245
United	12.00	.0837
Vista-United	30.00	.11

By Order No. 22385, issued January 9, 1990, as amended by Order No. 22385-A, issued January 19, 1990, we approved these tariff filings. All of these tariffs included a fixed surcharge amount of \$.75 per call, to be billed by the LEC. We accepted this fixed surcharge amount based upon our understanding that the amount was agreed upon by the LECs and by a majority of the membership of the Florida Pay Telephone Association, Inc. (FPTA), as a compromise measure due to the LECs' inability to bill a flexible amount for the surcharge. While it is mandatory for the LECs to offer billing and collection of the PATS surcharge for intraLATA toll calls, subscription to the service is optional and is available only to nonLEC PATS providers. In this scenario, the PATS surcharge is applicable to all 0- and 0+ intraLATA intrastate completed toll calls that originate from nonLEC pay telephones which have subscribed to this service. By existing order in this docket, the PATS surcharge is limited to no more than \$1.00. We also understood that FPTA had requested Southern Bell Telephone and Telegraph Company (Southern Bell) to continue to investigate the possibility of developing a method to bill the surcharge in varying amounts, and we concurred with the need for such action.

Our approval of these tariff proposals was not unconditional. We expressed some concern about the variation in the amount of the recurring charge from LEC to LEC, but concluded that each company had adequately justified its recurring charge. We did not reach the same conclusion, however, about the nonrecurring charges. While we did not believe it was appropriate to totally eliminate

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nonrecurring charges because this new service does have costs associated with implementation, we were not satisfied that the proposed charges were prudent and justified in every case. Rather than suspend or deny these tariff filings and delay implementation of an important new service, we instead ordered that all nonrecurring charges imposed for initiation of the service and collected by the LECs were to be held subject to refund, effective January 1, 1990, pending our further investigation into the matter of the nonrecurring charges. Additionally, we approved a waiver of the secondary service order charge for initiation of this service for a period of sixty (60) days, beginning January 1, 1990.

On January 31, 1990, our staff, Southern Bell, and FPTA met to review the cost study submitted with Southern Bell's original tariff proposal. As a result of this meeting, Southern Bell agreed to file a new cost study. On April 16, 1990, Southern Bell refiled its tariff (T-90-144) and its supporting cost information. By this tariff revision, Southern Bell proposes to reduce its nonrecurring charge from \$23.35 to \$13.45, and to refund the difference of \$9.90 to all nonLEC PATS lines subscribed to the service at the higher rate. Additionally, Southern Bell proposes to reduce its per message charge from \$.07 per call to \$.06 per call, on a going-forward basis.

The original cost study submitted by Southern Bell to support its nonrecurring charge was based upon forecasts of the work that would be required to provide a brand new service. With the billing and collection service having been implemented for several months, Southern Bell was now able to include some actual data to derive the approximate cost of implementation of the service. The Company's review indicated that programming costs were less than originally anticipated. Southern Bell also agreed with our staff and FPTA that it was not appropriate to recover the secondary service order charges that were being waived. Changes in these major cost items, as well as changes in some of the assumptions from those used in the original cost study, warrant a rate reduction for the nonrecurring charge.

Having reviewed the tariff proposal and the associated cost data, we find Southern Bell's proposed nonrecurring charge of \$13.45 to be reasonable and appropriate. Accordingly, Southern Bell shall reduce its nonrecurring charge effective August 6, 1990, as it has proposed to do. Additionally, Southern Bell shall refund the difference of \$9.90, plus interest, to all nonLEC PATS lines

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subscribed to this service at the old rate. As required by Rule 25-4.114, Florida Administrative Code, the interest rate shall be based upon the thirty (30) day commercial paper rate for high grade, unsecured notes sold through dealers by major corporations in multiples of one thousand dollars (\$1,000) as regularly published in the Wall Street Journal. We note that Southern Bell has agreed to such a refund requirement. The Company shall also be required to file a report detailing the total dollars refunded, no later than thirty (30) days after all eligible subscribers' bills have been credited. Once Southern Bell takes the actions specified above, it will have satisfied its obligation under Order No. 22385, which required that all nonrecurring charges collected be held subject to refund.

Along with the change in the nonrecurring charge, Southern Bell has also proposed a reduction in its per message charge from \$.07 to \$.06, effective with its August, 1990, billing cycle. Again, the original supporting cost data was based upon forecasts since this was a new service. With the service now in place for several months, Southern Bell was able to include some actual data in its cost study. The number of messages per line, per month, has averaged out higher than originally anticipated, thus allowing Southern Bell to reduce this charge while maintaining a reasonable level of contribution. Having reviewed the tariff proposal and the associated cost data, we find it appropriate to approve the reduction in the recurring charge on a going-forward basis, effective with the August, 1990, billing cycle.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff proposal (T-90-144) filed by Southern Bell Telephone and Telegraph Company on April 16, 1990, is hereby approved as set forth in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall reduce its nonrecurring charge and make associated refunds in accordance with the terms and conditions specified herein. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall reduce its recurring charge in accordance with the terms and conditions specified herein. It is further

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ORDERED that Southern Bell Telephone and Telegraph Company shall file a report that complies with the requirements set forth herein. It is further

ORDERED that Southern Bell Telephone and Telegraph Company, having complied with the terms and conditions specified in the body of this Order, shall have satisfied its obligation pursuant to Order No. 22385, with regard to the charges being held subject to refund. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 5th
day of SEPTEMBER, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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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

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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.