

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposal to introduce new features) DOCKET NO. 900809-TL
 for ESSX and Digital ESSX, by SOUTHERN) ORDER NO. 24223
 BELL TELEPHONE AND TELEGRAPH COMPANY.) ISSUED: 3-11-91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 GERALD L. GUNTER
 MICHAEL McK. WILSON

ORDER APPROVING TARIFF

BY THE COMMISSION:

On September 28, 1990, Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) filed a tariff proposal to establish rates and charges for new features for ESSX and Digital ESSX. The Company considers these new features to be enhancements to ESSX and Digital ESSX, and a competitive response to the capabilities of digital PBXs.

Some of the proposed features depend on the implementation of CCS7 to operate interoffice. Those offices not equipped with CCS7 will be able to offer these services on an intraoffice basis only. Southern Bell states that 145 central offices are currently in service for CCS7. Another 54 central offices are projected to be completed by year end 1991 for a total of 199.

The associated costs of the various features were developed using a forward looking incremental cost study. Included in the study were the direct costs of material, labor, capital costs and any directly assignable overhead costs. A cost of money of 13.52% was used. The cost of money was developed internally at Southern Bell and differs from the 11.8% prescribed by the Commission in the Private Line/Special Access Docket (No. 890505-TL). Because ESSX and Digital ESSX is competitive with PBXs and is therefore riskier, the higher cost of money is permissible. The use of a cost of money different than that officially recognized is not an acceptable practice when costing out monopoly services.

The proposed rates were developed using market based pricing. This method takes into account the market's "willingness to pay" for services offered. Keeping this concept in mind, the proposed rates are covering their costs while providing adequate

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contribution to the general overhead of the Company. Since these are new features being offered by Southern Bell, current customers will not be affected by this rate proposal.

The Company estimates the total nonrecurring and recurring revenue for the first year to be \$393,532. Southern Bell states that based on market forecasts, the net revenue for the first year is estimated at \$320,812.

The features being proposed by Southern Bell for ESSX and Digital ESSX will provide their customers with more flexibility to design a communications system to better suit their business needs.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company's tariff proposing to introduce new features for ESSX and Digital ESSX is approved. It is further

ORDERED that if no protest is filed pursuant to the requirements set forth below, the tariff shall be made effective as of February 28, 1990. It is further

ORDERED that if a protest is filed pursuant to the requirements set forth below, the tariff shall remain in effect with revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed pursuant to the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 11th day of MARCH, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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 hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 1, 1991

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by 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 of the date this Order becomes final, 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.