

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Restructure and repricing of)	DOCKET NO. 910612-TL
intraLATA foreign exchange service for)	ORDER NO. 24850
local exchange telephone companies.)	ISSUED: 7/25/91
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The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

ORDER APPROVING TARIFF FILING RESTRUCTURING
 AND REPRICING INTRALATA FOREIGN EXCHANGE
 SERVICE FOR LOCAL EXCHANGE COMPANIES

BY THE COMMISSION:

I. Southern Bell's Tariff Filing Revision

On May 7, 1991 Southern Bell filed tariff revisions to restructure and reprice the dedicated, or closed end, portion of its intraLATA Foreign Exchange (FX) service and Foreign Central Office (FCO) services. These services are located in sections A9.1 and A9.2 of Southern Bell's General Subscriber Services Tariff (GSST). The Company proposes to change them from a wire center to a rate center mileage measurement methodology. Foreign Exchange service is interexchange service provided from an exchange other than the one from which a subscriber would normally be served. The basic rate structure for this service is divided into two segments, the "closed end" and the "open end." The closed end, located in Section A9.1 of the GSST, is the dedicated portion of the service from the subscriber's premises to the foreign dial tone office. The open end, located in Section A3 of the GSST, is the dial-tone end of the FX service where network switching of calls occurs.

This tariff filing proposes to restructure the dedicated portion of the service. In addition to the open end, the current tariff structure for the dedicated portion of FX service is as follows:

Interexchange mileage and channel terminal charges apply for the distance between the rate center of the exchange providing the foreign dial-tone and the rate center for the exchange where the FX subscriber is located;

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A station terminal charge applies for the communications path between the subscriber's home wire center and the rate center of the subscriber's exchange; and

A nonrecurring charge applies for the installation of the service.

Foreign Central Office service is intraexchange service furnished to a subscriber in a multi-office exchange from a central office other than the one from which service would normally be furnished. This tariff filing proposes to restructure the dedicated, portion of the service. The current tariff structure for the dedicated portion is as follows:

Interoffice mileage charges for the distance between the central office from which the subscriber would normally be served and the foreign central office from which the subscriber desires to be served.

This tariff filing proposes to align the dedicated portion of FX and FCO services with the Private Line service rate structure approved in Docket No. 890505-TL. The proposed rate structure for FX and FCO services is as follows:

Local channel charge between the subscriber's premises and the home wire center;

Interoffice Channel (IOC) charge between the subscriber's normal SWC and the dial-tone central office; and

Bridging charges for each bridged local channel of a multipoint arrangement.

The intraLATA FX restructure need only include the dedicated portion of the service to facilitate the elimination of the pooling of private line services. The restructure of the open end does not need to be addressed at this time. However, we find it appropriate that the implementation of both the restructures of the closed end and the open end occur at the same time.

FX and FCO services are generally used by a customer to obtain a calling area more beneficial to specific needs, to make a local number available to customers in the foreign locality, thereby eliminating a toll charge, to identify business with the foreign

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locality, and/or to retain the same telephone number at a new location when relocating.

This tariff filing also proposes to implement meet point billing between local exchange telephone companies' central offices, allowing each company to bill for that portion of the service provided by its respective tariff, based on its regulations, rates and charges, as appropriate. The tariff proposes that meet point billing between the companies be based on a factor which would represent the percentage of the distance between local exchange telephone companies central offices that would be billed by each company. Therefore, restructure from the current rate center to the proposed wire center mileage measurement methodology must be completed before meet point billing can be implemented. Once meet point billing is accomplished, the industry will be free to move forward with plans to completely depool Private Line and Foreign Exchange services.

While this filing proposes to introduce a new tariff format for FX and FCO services, the technical documents that define the parameters of these services do not change. Service criteria and levels of service that exist today will continue under the proposed tariff.

FX is in the declining phase of its product cycle, averaging a loss of approximately 1% of in-service lines each month over the past two years. Conversely, FCO has grown at an average rate of 1/2% per month over the past two years. Southern Bell anticipates that the FX market will continue to decline approximately 1% per month and FCO will continue to grow approximately 1/2% per month.

The restructure of the dedicated portion of FX and FCO services is expected to result in an estimated loss of \$9.6 million for Southern Bell during the initial year of implementation. Therefore, Southern Bell filed a proposal to restructure and reprice the switched, or open end, portion of FX on June 5, 1991. The restructure of the switched portion will be handled in the second phase of this proceeding. Southern Bell proposes that the revenue impact associated with restructuring the dedicated portions of FX and FCO services, coupled with the anticipated revenue impact associated with the restructure of the switched portion of FX, to be revenue neutral.

Incremental costs were developed by Southern Bell for rate elements in this proposal. The costs used were the same costs as

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used to determine the rates for the previously approved private line and special access rates. The proposed rates are at the same level as approved in the private line/special access restructure.

The impact of the restructure on individual FX subscribers will be dependent on the length of the interoffice channel and the class of service currently associated with the FX. Monthly recurring charges, which vary according to the class of service are eliminated in the proposed tariff and replaced by the switched tariff proposal. The impact of the restructure on individual FCO subscribers will be dependent on the length of the interoffice channel only.

We find it appropriate to approve this tariff proposal because it will eliminate disparities which currently exist between the Private Line and FX/FCO Tariffs. This will reduce customer confusion between the tariffs and greatly simplify the administration of the offerings. Additionally, restructure of the dedicated portion of FX will allow Southern Bell to meet point bill with the other local exchange companies, thereby facilitating the elimination of the private line pool.

II. GTE's Tariff Filing

On May 7, 1991, GTE Florida, Inc. (GTEFL) also filed tariff revisions to restructure and reprice its intraLATA FX service which concurred with Southern Bell's filing except that GTEFL's filing included a restructure and repricing of the switched portion of FX service.

The rates proposed by GTEFL for the local channel, interoffice channel and bridging equipment charge in this tariff are identical to the rates proposed in Southern Bell's FX restructure filing.

The proposed usage revenues are calculated using assumed originating and terminating minutes of use based upon actual interLATA/intrastate Feature Group A (FGA) usage. These FGA circuits are used to provide the equivalent of intraLATA FX service.

Although we requested that GTEFL separate its filing into two filings to facilitate the administrative procedure of approving the dedicated proposals before we began our investigation into the more controversial restructure of the switched portion of FX service,

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GTEFL responded that it would like to keep the tariff combined. Therefore, since we may only approve, deny or suspend tariffs in whole, not in part, we hereby find it appropriate to suspend GTEFL's tariff. GTEFL shall provide any information necessary that appropriate to conclude our investigation into the restructure of the switched portion of FX service and the depooling of the intraLATA private line pool.

III. United's Tariff Filing

On May 7, 1991, United filed tariff revisions to mirror Southern Bell's revisions to its General Subscriber Service Tariff proposing to restructure and reprice FX service. United proposes only to restructure and reprice the dedicated portion of its intraLATA FX service with this filing.

United, as well as all other local exchange telephone companies (LECs) in Florida, concurs in the closed end portion of Southern Bell's FX tariff. This is because the revenue associated with FX closed end is included in the industry's intraLATA private line pool. Thus, the changes proposed by Southern Bell for the FX closed end will apply to all Florida LECs.

United estimates that the restructure of the closed end of its FX service will result in an annual decrease in billed revenue of \$1,695,476. United also states that, due to the complexity of converting existing FX services to the new structure and due to the volume of services to be converted, United will need six months to implement the new structure. Thus, United is proposing that there be a six-month period between Commission approval and implementation of the new rates, i.e., that the new rates take effect only after conversion activities are complete. Prior to implementation of this FX restructure, United intends to address an offset for the revenue loss anticipated from the FX restructure.

United is not proposing revisions to its FCO service tariff at this time. United intends to restructure the dedicated portion of its FCO service at the same time that it restructures its local private line services. United does not concur in the Southern Bell tariff for FCO service, and the revenue from FCO service is not included in the industry's intraLATA private line pool.

We find United's proposal to restructure and reprice its dedicated portion of the intraLATA FX service to be appropriate and

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hereby approve it. The restructure of the switched portion could be used as an offset for the projected decrease in revenues associated with this restructure. There will be no technical changes in the customers' service as a result of this restructure. United's restructure of the dedicated portion of FX service shall have an effective date of January 1, 1992, depending on the outcome of the second phase of this proceeding dealing with the switched portion of its FX service.

IV. Notification and Implementation by All LECs

The proposed FX restructure will affect many consumer groups. Therefore, the Florida local exchange companies shall notify all existing intraLATA FX customers that this proceeding is underway and could affect their monthly rates for FX service. The initial notification shall be completed no later than July 15, 1991. Customer specific notation of rate changes shall be completed by a date to be decided at a later date. The initial notification need consist only of a separate notification, other than a bill insert, that a restructure has been filed and may result in either an increase or decrease in the end users' rates. The subsequent customer specific notification shall be completed once we have made our decision regarding the switched portion of intraLATA FX service. Such customer specific notification shall be a separate notification that shall indicate to the end user the full affect of the restructure on the end user.

United is the only company that has proposed a delayed implementation date for the restructure and repricing of intraLATA FX service. Southern Bell states that it intended for the restructure of the dedicated and the switched portions to occur at the same time. However, Southern Bell made no specific proposal for implementation. GTE's filing includes the restructure of both portions of the service with no mention of delayed implementation.

We find a delayed implementation period is appropriate due to the major changes proposed. The delayed implementation period shall be six months following our approval of the restructure of the switched portion of FX service, or January 1, 1992, whichever occurs later. The implementation shall include the restructure of the dedicated and switched portions of intraLATA FX service.

This docket shall remain open to address the restructure of the switched portion of FX.

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Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company's tariff filing to restructure and reprice the dedicated portion of its intraLATA Foreign Exchange service is hereby approved. It is further

ORDERED that GTE Florida, Inc.'s tariff filing to restructure and reprice its intraLATA Foreign Exchange service is hereby suspended. It is further

ORDERED that United Telephone Company of Florida's tariff filing to restructure and reprice the dedicated portion of its intraLATA Foreign Exchange service is hereby approved. It is further

ORDERED that all local exchange companies shall provide initial notice as set forth in the body of this Order to customers no later than July 15, 1991, of these tariff filings and the resulting rate changes. It is further

ORDERED that Southern Bell Telephone and Telegraph Company's and United Telephone Company's tariff filings approved herein shall not be implemented until six months following our approval of the restructure and repricing of the open end or switched portion of their intraLATA Foreign Exchange Service or January 1, 1992, whichever occurs later.

By ORDER of the Florida Public Service Commission, this 25th
day of JULY, 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 AUGUST 15, 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.