

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation of) DOCKET NO. 900708-TL
methodology to account for)
access charges in local) ORDER NO. PSC-92-0146-FOF-TL
exchange company toll)
pricing and other relevant) ISSUED: 4/1/92
costs.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER ACKNOWLEDGING WITHDRAWAL OF PROTEST OF PAA AND
FINALIZING GUIDELINES FOR LEC TOLL PRICING

BY THE COMMISSION:

I. CASE BACKGROUND

By Order No. 24859, the Commission proposed six guidelines for establishing the competitive price floor for local exchange company toll services. The guidelines are as follows:

GUIDELINE 1: Toll revenues should cover aggregate access charges by service and for the business and residential market segments individually within a service. Where toll products are separately targeted at business and residential markets, revenues in each market should cover that market's aggregate access costs. Note that under this guideline, the test is aggregate access charges within each market.

GUIDELINE 2: Access charges should be calculated with originating access including a non-conversation time factor that accounts for holding time. The non-conversation factor accounts for access charges that accrue while the call is ringing but not yet answered and for uncompleted calls. Simple comparisons of access and toll prices are not appropriate since the typical base of comparison, for example, conversation minutes of use, does not accurately capture all originating access minutes. Appropriate access comparisons should include an adjustment to recognize that average originating access minutes are larger than average conversation minutes.

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GUIDELINE 3: Originating access charges should reflect the time-of-day distribution of the service or market segment under consideration. This guideline relates to the first guideline concerning market segments. Pricing optional plans designed for the business market should reflect the proportionally higher access charges of serving day-time traffic loads. This should not be artificially diluted by using traffic distributions that include the off-peak calling of residential customers which are not part of the target market.

GUIDELINE 4: The BHMOC rate should be the average BHMOC per minute of use rate realized using the most recent annual data available. This rate will be LEC-specific and can be approximated by dividing LEC BHMOC revenues (adjusted for known rate changes) by aggregate intrastate local transport access minutes.

GUIDELINE 5: Access costs may be calculated using the most economic network configuration associated with the targeted market segment. For other than high volume customers, actual network configuration shall be used. For high volume customers with 113 hours of use or more per month, special access may be imputed on the originating end in accordance with the methodology adopted by the Commission.

GUIDELINE 6: The price floor for LEC toll services shall include the LEC's incremental cost of providing billing and collection service.

On August 19, 1991, the Florida Interexchange Carriers Association, (FIXCA) filed a Motion for Clarification of Order No. 24859 or, in the Alternative, Protest and Petition for Formal Hearing. On September 3, 1991, Southern Bell filed an Opposition to FIXCA's motion. On February 4, 1992, FIXCA filed a Notice of Withdrawal of its Motion.

FIXCA's protest of Order No. 24859 is premised on its belief that the cross-over point set forth in Guideline 5 may be misinterpreted as the specific requirement in all circumstances and that, with respect to Guideline 6, the exclusion from imputation of some costs related to toll service may prejudice the broader issues of LEC cost recovery and cross-subsidy.

Southern Bell's Opposition notes that the "cross-over" point referred to in Guideline 5 of 113 hours is illustrative and that as "...access rates change, the cross-over point should be adjusted to reflect increases and decreases."

With respect to Guideline 6, Southern Bell states that "FIXCA is right in asserting that there are other current dockets examining the issues of detecting and preventing cross-subsidization of competitive services with monopoly services. It is entirely appropriate for any such issues to be raised in the context of those proceedings."

FIXCA's withdrawal of its protest is based on its further understanding that the crossover point in Guideline 5 is illustrative of the methodology for calculating the crossover and that Guideline 6 is not dispositive of the broader issues of cost recovery and cross subsidy.

Upon consideration we acknowledge FIXCA's withdrawal of its Protest of Order No. 24859. Order No. 24859 established a methodology to be applied to specific factual situations, not an "absolute benchmark" for all situations. The guidelines are to be applied for calculating LEC access charges as a floor for MTS prices and LEC calling plans. Further, the methodology is designed to apply actual relevant tariffed rates to each individual plan as it is proposed.

In view of FIXCA's withdrawal, Order No. 24589 will become final and effective upon the date of issuance of this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Florida Interexchange Carriers Association's Withdrawal of its Protest of Order No. 24589 is hereby acknowledged as set forth in the body of this Order. It is further

ORDERED that Order No. 24589 is final and effective on the date of issuance of this Order. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission, this 1st day of April, 1992.



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.

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.