

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Comprehensive review of) DOCKET NO. 920260-TL
the revenue requirements and) ORDER NO. PSC-94-0841-FOF-TL
rate stabilization plan of) ISSUED: July 12, 1994
SOUTHERN BELL TELEPHONE AND)
TELEGRAPH COMPANY (T-94-240)
FILED 5/2/94))
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING REDUCTION OF SWITCHED ACCESS CHARGES

BY THE COMMISSION:

I. BACKGROUND

This docket was initiated pursuant to Order No. 25552 to conduct a full revenue requirements analysis and to evaluate the Rate Stabilization Plan under which BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) had been operating since 1988. On January 5, 1994, a Stipulation and Agreement Between OPC and Southern Bell was submitted. On January 12, 1994, Southern Bell filed an Implementation Agreement for Portions of the Unspecified Rate Reductions in Stipulation and Agreement Between OPC and Southern Bell. By Order No. PSC-94-0172-FOF-TL, the Commission approved the settlement. The terms require, among other things, that rate reductions be made to certain of Southern Bell's services. Some of the reductions have already been implemented. The current schedule for the remaining reductions is as follows:

7/1/94	* Switched access reductions - \$50 million
10/1/95	* Switched access reductions - \$55 million
	* Unspecified rate reductions - \$25 million
10/1/96	* Switched access reductions - \$35 million
	* Unspecified rate reductions - \$48 million

As discussed below, we now address Southern Bell's filing to reduce its switched access charges by \$50 million, scheduled to become effective July 1, 1994.

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II. ACCESS CHARGE REDUCTION

The aggregate dollar amount of the reductions has already been approved as part of the settlement agreement. However, the settlement did not address the specific rate elements that would be reduced. We now address the rate structure of the reductions for the first slated access charge reduction. Southern Bell has proposed to reduce its switched access rate elements as follows:

Rate Elements	Current	7/1/94 (\$50M)
CARRIER COMMON LINE	2.600 ¹	2.600
Originating	2.927	2.927
Terminating		
LOCAL TRANSPORT	1.540	0.706
LOCAL SWITCHING	1.300	1.160
INFORMATION SURCHARGE	0	0
COMPOSITE RATE		
Originating	5.440	4.466
Terminating	5.767	4.793
TOTAL	11.207	9.259

As can be seen in the chart above, the Company has proposed reductions to all of its switched access rate elements. Southern Bell has proposed no reduction to the Carrier Common Line (CCL) in 1994, but plans a two-step phase down beginning in 1995. The Company has proposed to reduce the Local Transport rate element to the interstate level in this filing, with no further phase-down. For Local Switching, the Company plans a three-step phase-down beginning with this filing.

In support of the structure of its proposed reductions, Southern Bell states that it believes that competitive alternatives are developing at both the state and federal levels to such a degree that its Local Transport rates should be reduced to a more competitive level immediately. With this action, the Company apparently hopes to keep switched access customers with Southern Bell, and not lose them to competition.

¹ Rates are expressed in cents per minute.

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We note that, while Southern Bell perceives a major competitive threat to its Local Transport revenues, switched access competition has not yet been authorized in Florida. We also note that neither the Florida Interexchange Carriers Association nor the four major interexchange carriers expressed any concern for the structure of the reductions.

We have traditionally favored reductions to non-traffic sensitive switched access rate elements like CCL after elimination of the Busy Hour Minutes of Capacity Charge (BHMOC) before reducing traffic sensitive ones such as Local Switching and Local Transport. However, Southern Bell seemingly does not perceive as much of a threat to its CCL revenues. Upon consideration, we find that Southern Bell's proposal is reasonable and that it should be approved. We note that we recently approved reductions to the Local Transport rate for United Telephone Company for reasons similar to those which Southern Bell has argued here.


Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff proposal by BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company to implement the structure of the access charge reductions required by Order No. PSC-94-0172-FOF-TL is approved as set forth in the body of this Order. It is further

ORDERED that if a timely protest is filed, this tariff should remain in effect with any increase in revenues held subject to refund pending the resolution of the protest. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 12th day of July, 1994.



BLANCA S. BAYÓ, 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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 2, 1994.

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 wastewater 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.