

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed tariff filing) DOCKET NO. 910967-TL
to reprice and restructure Local) ORDER NO. PSC-94-1205-FOF-TL
Private Line Services by GTE) ISSUED: October 3, 1994
FLORIDA INCORPORATED (T-91-473)
FILED 9/1/91)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK
JULIA L. JOHNSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER REQUIRING REDUCTIONS IN RATES FOR ANALOG LOCAL CHANNELS

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the actions discussed herein are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

By Order No. PSC-92-0401-FOF-TL, issued May 5, 1992, in Docket No. 910967-TL, the Commission approved GTE Florida Incorporated's (GTEFL's) tariff filing to restructure and reprice local intraexchange private line services. Phase I and Phase II rates of the restructure, except for the alarm circuits of local private line service, were implemented on December 1, 1992 and December 1, 1993, respectively. By Order No. PSC-93-1265-FOF-TL, issued August 31, 1993, the Commission ordered Phase I rates for private line alarm circuits to become effective June 1, 1994. This order also required GTEFL to implement Phase III rates for alarm circuits on December 1, 1994 in order to get back on schedule with the rest of the private line services. All Phase III rates for local private line services, including alarm circuits, are scheduled to become effective December 1, 1994.

Notwithstanding our approval of the restructure and repricing of GTEFL's local private line service, we were concerned that the cost support of GTEFL's analog local channel rate element may be inadequate. Therefore, we required GTEFL to file updated cost

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information on its analog local channel rate elements six months before Phase III rates were implemented. On June 1, 1994, GTEFL filed updated cost information for its analog local channel services.

II. ANALOG LOCAL CHANNELS

In the original restructure and repricing filing in this docket, we determined that we would review the updated cost data before Phase III rates were to be implemented. If at that time the data showed that the cost is lower or that other changes have occurred, the Commission would consider adjusting the final rates for Phase III.

We have reviewed the updated cost information and compared it to the original cost information filed in September 1991. The costs for both the 2-wire and 4-wire local channel rate elements have decreased. The decrease in cost is sufficient to warrant adjusting the proposed Phase III rates for these rate elements.

When the Phase III rates were set for the other LECs, we attempted to recover an equal amount of contribution from the private line rate elements for all LECs. However, at that time GTEFL's costs were considerably higher than the other LECs. Now that GTEFL's costs have decreased and are more in line with the other LECs, it appears that setting the rates equal to Southern Bell's is appropriate. This will provide a contribution level comparable to the other LECs. GTEFL's currently scheduled Phase III rates and our proposed modified Phase III rates are shown in the following table.

Rate Comparison

	Present Rate	GTEFL Scheduled Phase III Rates	Commission Proposed Phase III Rates
2-Wire Local Channel	\$19.00	\$23.00	\$21.15
4-Wire Local Channel	\$30.00	\$33.00	\$31.90
2-Wire Alarm Circuit	\$15.00	\$23.00	\$21.15
4-Wire Alarm Circuit	\$26.00	\$33.00	\$31.90

Upon consideration, we find that GTEFL's Phase III 2-Wire and 4-Wire analog local channel rates should be modified to \$21.15 and \$31.90, respectively. With these modifications, GTEFL's Phase III local private line rates should be implemented on December 1, 1994 as originally scheduled. GTEFL shall file the appropriate tariff revisions to reflect the Phase III local private line rates, which should include the modified Phase III rates for analog local channel services. Because of the increase in rates from Phase II to Phase III levels, GTEFL shall notify all local intraexchange private line customers sixty (60) days prior to the implementation date and again thirty (30) days prior to the December 1, 1994 effective date, as previously ordered.

III. REVENUE OFFSETS

On August 1, 1994 GTEFL filed the revenue impact of moving to the scheduled Phase III rates. Included in the revenue information was the deletion of obsolete private line services such as local channel grouping. The estimated revenue impacts with the original Phase III rates for 2-wire and 4-wire analog local channels and with our proposed modified rates are shown in the following Table.

Revenue Impact Comparison

ANNUAL REVENUE IMPACTS	GTEFL Scheduled Phase III Rates	Commission Proposed Phase III Rates
Local Private Line Phase II to Phase III	\$2,207,559	\$1,748,167
Alarm Circuits Phase I to Phase III	\$ 686,892	\$624,422
Deletion of Obsoleted Private Line Services	\$1,246,625	\$1,246,625
Total Revenue Impact	\$4,141,076	\$3,619,214

If the Phase III rates for 2-Wire and 4-Wire analog local channels are modified, the annual revenue impact would reduce by \$521,862 as shown above.

According to the Company, the revenue increase resulting from moving to Phase III rates will be offset by eliminating the BHMOC charge. GTEFL's current BHMOC charge is \$0.65. GTEFL indicates that it plans to file a tariff deleting this charge on October 1, 1994, to be effective December 1, 1994. GTEFL states that it has

not yet completed its revenue estimates for the elimination of BHMOC. However, GTEFL also states that the revenue reduction should be enough to offset the revenue increase from the Phase III private line repricing and restructure.

Upon consideration, we find it appropriate to approve GTEFL's proposed revenue offset through the elimination of its BHMOC. GTEFL shall file a tariff to eliminate its BHMOC as an offset to the revenue increases associated with the implementation of Phase III local private line rates.

IV. REVENUES SUBJECT TO REFUND

As discussed above, we are proposing reductions to previously approved rates for 2-wire and 4-wire analog local channels. We note that if GTEFL timely protests our actions, the previously approved Phase III rates will take effect December 1, 1994. If this occurs, we find it appropriate to require that GTEFL hold revenues subject to refund equal to the difference between the previously approved Phase III rates and our lower proposed rates for 2-wire and 4-wire analog local channels. These revenues shall be held subject to refund pending the disposition of the protest of our proposed rates. This will avoid GTEFL receiving a revenue windfall simply by virtue of filing a protest of our proposed reductions.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida Incorporated shall modify its Phase III rates for 2-Wire and 4-Wire analog local channels, including alarm circuits, should be modified to \$21.15 and \$31.90, respectively, as set forth in the body of this Order. It is further

ORDERED that all other Phase III rates should be implemented as originally ordered in Order No. PSC-92-0401-FOF-TL. It is further

ORDERED that the modified rates shall be effective December 1, 1994. It is further

ORDERED that GTEFL should file the appropriate tariff revisions to reflect the modified Phase III rates for analog local channel services by November 1, 1994. It is further

ORDERED that GTEFL's proposal to offset revenue increases from the restructuring by eliminating its BHMOC charge is approved as set forth in the body of this Order. It is further

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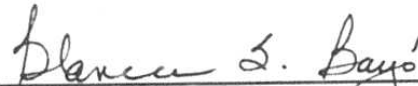
ORDERED that GTEFL shall file a tariff to eliminate its BHMOC as set forth in the body of this Order. It is further

ORDERED that GTEFL shall notify all local intraexchange private line customers of the Phase III rate increases sixty (60) and thirty (30) days prior to the December 1, 1994 effective date, as previously ordered. It is further

ORDERED that if a timely protest is filed in accordance with the requirements set forth below, GTEFL shall hold revenues subject to refund equal to the difference between the previously approved Phase III rates and our lower proposed rates for 2-wire and 4-wire analog local channels as set forth in the body of this Order pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 3rd day of October, 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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 October 24, 1994.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective on the date described above, any party substantially 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 effective date 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.