

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 950714-TL
tariff filing to change rates) ORDER NO. PSC-95-1020-FOF-TL
and structure of IntraLATA Toll,) ISSUED: August 17, 1995
Remote Call Forwarding, Operator)
Dialed Surcharge, Automatic)
Volume Discounts for Residential)
Customers, and WATSSaver Service)
by BellSouth Telecommunications,)
Inc. d/b/a Southern Bell)
Telephone and Telegraph Company)
(T-95-235 filed 6/1/95))

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TARIFF

BY THE COMMISSION:

Background

On June 1, 1995 BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) filed proposed revisions to the rates and structure of intraLATA toll, remote call forwarding, WatsSaver Service, WATS/800 service and proposed the introduction of an operator dialed surcharge, business Saver service and automatic volume discounts for residential customers. The Company estimates an annual revenue decrease resulting from these changes, based on unstimulated 1994 units, of approximately \$36,111,000. However, based on the Company's stimulated 1994 units, the changes would result in an annual revenue decrease of approximately \$24,831,000.

IntraLATA Toll Restructure

Southern Bell's existing and proposed MTS rates are depicted in Table 1. The existing MTS rates vary by mileage band, with a rate for the initial minute and a separate rate for each additional minute of use. All calls are rounded to the next whole minute.

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The current rate structure also includes time of day discounts, as depicted in Table 2.

Table 1: Long Distance MTS Rate Schedule

Rate Mileage	Current Rates		Proposed Rates		
	Initial 1 min.	Each add'l min	Initial 30 sec.	Each add'l 1/10 min.	Per Minute rate
0 - 10	\$.15	\$.08	\$.105	\$.021	\$.21
11 - 22	.18	.12	.105	.021	.21
23 - 55	.19	.19	.105	.021	.21
56 - 124	.20	.20	.105	.021	.21
125 - 292	.20	.20	.105	.021	.21

Table 2: Current MTS Time of Day Discounts

Time Period	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.	Sun.
8:00 AM-5:00 PM ¹	Full Rate	Full Rate	Full Rate	Full Rate	Full Rate	40%	40%
5:00 PM-11:00 PM ¹	30%	30%	30%	30%	30%	40%	30%
11:00 PM-8:00 AM ¹	40%	40%	40%	40%	40%	40%	40%

¹ To, but not including.

Southern Bell proposes to raise MTS rates to \$.21 per minute, regardless of the distance called. It proposes to bill in initial increments of thirty seconds and additional increments of tenths of minutes. As depicted in Table 3, the Company also proposes to revise time of day discounts. Calls made during the peak period would be billed at the full rate, while calls made during the off-peak period would be discounted by forty percent. All amounts would be rounded down to the lower cent; however, if time of day discounts are applicable, rounding would occur after the discount has been applied.

Table 3: Proposed Time of Day Discounts

	Mon.	Tue.	Wed.	Thur.	Fri.	Sat.	Sun.
7 AM-6 PM ¹ (Peak)	Full Rate	Full Rate	Full Rate	Full Rate	Full Rate	40%	40%
6 PM-7 AM ¹ (Off-Peak)	40%	40%	40%	40%	40%	40%	40%

¹ To, but not including.

As shown in Table 4, Southern Bell further proposes to provide automatic volume discounts to residential customers who generate over \$5.00 in intraLATA MTS usage. Volume discounts would be applied on an account basis after time of day discounts have been applied. These discounts do not apply to optional calling plan calls, local exchange service charges, 976 charges, directory assistance charges or operator-handled surcharges.

Table 4: Automatic Volume Discounts (Residential)

Volume	Discount
\$0.01 - 5.00	0%
\$5.01 - 10.00	20%
\$10.00 +	30%

While the filing proposes an increase in MTS rates, Southern Bell asserts that the proposed changes in the billing system along with the proposed automatic volume discounts will actually result in a decrease in most customers' bills. A customer may experience an increase in MTS toll rates if calling very short distances (0-10 miles) during the peak period, and MTS usage is less than \$5.00. Overall, however, the Company believes that the proposed revisions in the MTS rate structure will have a positive impact on end users by responding to their need for lower intraLATA toll charges.

The Company asserts that the proposed changes in the MTS toll restructure, using unstimulated 1994 units, equate to a decrease in annual revenues of approximately \$25,000,000. Based on stimulated 1994 units this equates to a decrease in annual revenues of approximately \$18,372,000. Table 5 shows a breakdown of the total revenue change in intraLATA toll based on unstimulated units versus stimulated units.

Table 5: Changes in IntraLATA Toll Revenues

	Revenue Change Based On Unstimulated Units	Revenue Change Based on Stimulated Units
Proposed \$.21 minute Rate	\$ 35,016,196	\$ 23,049,151
30 Sec. initial/.10 Min & Peak/Off-Peak Volume Disc.	(28,219,553)	(18,406,620)
Automatic Volume Discounts	(32,083,017)	(23,014,640)
Total Revenue change in IntraLATA Toll	\$(25,286,374)	\$(18,372,109)

The \$35,016,196 increase is due strictly to the change from a mileage-banded rate structure to a non-banded flat rate structure. The decrease of \$28,200,000 results from the change from the initial and additional minute of use (MOU) to the proposed initial thirty seconds and .1 MOU additional billing increments. The proposed time-of-day periods were also taken into account. The revenue decrease of \$32,083,000 is due to the introduction of automatic volume discounts for residential customers.

The proposed MTS rates, including the billing changes and peak/off-peak periods, result in an effective average rate of \$.1083 per minute, which is above Southern Bell's current imputation floor (i.e., switched access rate plus billing and collection costs) of \$.1009 per minute.

Southern Bell's proposed MTS rate restructure appears to be in response to increased competition and anticipated competition for intraLATA toll. Since it appears that most customers will benefit from lower bills for MTS toll calls, we hereby approve the proposed rate restructure, effective September 9, 1995.

Remote Call Forwarding

The Company has proposed a reduction in the monthly recurring rate for Remote Call Forwarding (RCF). According to Southern Bell, RCF has experienced a moderate growth recently; however, the expansion of local calling areas, calling plans, and lower toll rates will slow future growth. RCF rate units for years ending 1992, 1993, and 1994 are shown in Table 6.

Table 6: Remote Call Forwarding Units

Rate Element	1994	1993	1992
Other than local forwarding	10,312	9,433	8,872
Local forwarding	12,317	10,612	7,582
Additional access facilities	5,620	4,118	3,549

RCF service provides a telephone number (the RCF number) and a call forwarding feature. When a call is placed to the RCF number, the service forwards the call to a telephone number (the forwarded-to-number) specified by the RCF customer. The forwarded-to-number must be specified at the time the RCF service is ordered, and can only be changed through a service order. The call initiated by the RCF service to the forwarded-to-number can be either local or toll to the switch from which RCF is provided. When the forwarded call is toll (1+) to a Southern Bell exchange, the appropriate long distance rate is billed in addition to the monthly recurring charge to the RCF customer. If the toll call is to another local exchange carrier's (LEC's) exchange, that LEC is responsible for billing the toll charges to the RCF customer. Local RCF calls are generally 7-digit dialed and have a local usage rate in addition to the monthly recurring charge. RCF customers who have an anticipated high volume of calling, would subscribe to additional access facilities (calling paths) to increase the probability of all calls being completed to the RCF number.

RCF service is available to residential customers, but historically it has served two primary markets:

Business customers with existing telephone service who move to a location requiring a new telephone number, and who want calls to the old number forwarded to the new number; and

Customers who wishing to obtain a "local" presence in a location which is normally "toll" to the RCF customer's business, so that potential customers can reach the RCF customer by a local call (it looks like a local call to the end user, but is really a toll call paid by the RCF subscriber).

The latter category of RCF customers is sensitive to pricing changes, i.e., expansion of local calling areas, EAS-type calling

plans, and reduced toll rates. All of these pricing changes exert a downward pressure on RCF demand. IntraLATA toll competition could produce a similar effect.

RCF currently has a monthly recurring rate of \$16.95. Southern Bell proposes to reduce the rate to \$12.00, a 29.2 percent reduction. The revenue impact to the Company, based upon unstimulated 1994 year end units, reflects a revenue reduction of approximately \$1,620,000.

Using resource cost methodology, the monthly cost to provide Remote Call Forwarding is \$3.06. Resource costs are incremental costs plus an allocated portion of joint costs such as right-to-use fees. RCF service would still have a 392 percent contribution level under the proposed \$12.00 rate.

Since RCF is a vertical service and the proposed rate reduction will still provide ample contribution, we hereby approve the proposed rate reduction, effective September 9, 1995.

Operator Dialed Surcharge

Southern Bell has also proposed an operator dialed surcharge for both local and toll. The proposed operator dialed surcharge rate is \$.60 and would provide an increase in revenue of \$2,559,000. This surcharge would apply when a customer is able to dial a call, but elects to dial only zero (0-) and requests that the operator dial the call. The operator dialed surcharge would be in addition to any alternate billing surcharges that may apply for collect and billed to third number calls, either station-to-station or person-to-person.

According to the Company, the purpose of the operator dialed surcharge is to recover the cost of obtaining the terminating number from the customer and keying the number into the operator system. This charge would only apply for completed calls.

The operator dialed surcharge will not apply in circumstances where a customer is identified as handicapped, or where an equipment failure results in the inability to dial the desired number. Included in the concept of an equipment failure is the circumstance where a customer is blocked by the equipment and is thus unable to dial a call.

Although the supporting cost information for this charge is proprietary, we have reviewed the information, and the reported costs appear reasonable. In addition, the proposed operator dialed

surcharge rate covers the incremental cost to provide this service. Accordingly, we hereby approve the proposed operator dialed surcharge, effective September 9, 1995. Since the service has historically been provided free of charge, Southern Bell operators should inform each customer who requests that an operator dial a number that the customer can dial the number and that, if the customer wishes to have the operator dial the number, a \$.60 charge will apply. This notification should continue for sixteen months.

Business Saver Service Discounts

Southern Bell has also proposed to introduce a Business Saver Service toll discount plan. The proposed plan would offer business customers the ability to receive discounted toll rates based on their monthly intraLATA usage charges and term of commitment. The proposed discount schedule is depicted in Table 7.

Table 7: Business Saver Service Discounts

Total Monthly Usage	Month to Month	12 Months	24 Months
\$0.01 - \$10.00	0%	5%	15%
\$10.01 - \$50.00	5%	10%	20%
\$50.01 - \$75.00	10%	15%	25%
\$75.01 +	15%	20%	30%

The proposed service is based upon the MTS rate schedule and provides discounted MTS rates to customers based upon their monthly usage volume and commitment term, which may range from a month-to-month plan up to 24 months. The discounts would be applied to MTS usage charges only and would be applied after time of day discounts have been deducted.

Southern Bell also proposes a termination liability should a customer terminate service prior to the end of the commitment period, following a ninety-day grace period. The proposed termination charges are \$10.00 for a twelve month commitment and \$25.00 for a twenty-four month commitment.

According to Southern Bell, using unstimulated 1994 units, the Business Saver Service discount plan would result in a decrease in annual MTS revenues of approximately \$5,000,000, or twelve percent. However, using stimulated 1994 units, the decrease in annual revenues would be approximately \$3,136,000 or 7.5 percent.

The proposed discount plan could provide discounts to small business users who may not generate enough usage to warrant other high volume plans that require a monthly fixed amount, such as the Company's WatsSaver plans or WATS service. Accordingly, we approve the proposed Business Saver Service toll discount plan, effective September 9, 1995.

WATS/800 Service Restructure

Southern Bell has also proposed to restructure its WATS and WATS/800 service tariffs. Based on its proposal, outward WATS rates would be increased, 800 service (inward WATS) rates would be decreased, and the non-recurring charges for terminating 800 service to exchange access lines would be decreased.

WATS is a service designed to meet the needs of customers having substantial volumes of long distance calls over a wide area. Customers may subscribe to outward WATS and 800 service separately for intraLATA service or may subscribe to a Company WATS combined with an interLATA carrier's interLATA WATS. Outward WATS enables the customer to place calls within selected service areas and 800 service enables customers to receive calls from selected service areas, without charge to the calling party.

The Company's 800 service is offered as Option 800 service (intraLATA only), Open 800 service (intraLATA and interLATA service provided in conjunction with a participating interexchange carrier (IXC)), and Combined 800 service, a grandfathered intra/interLATA service provided by Southern Bell and AT&T. The rates referred to hereafter will be applicable to all of the Company's 800 service options. Outward WATS is offered on an intra/interLATA basis, in conjunction with an IXC, or for intraLATA only.

The proposed revisions to WATS and 800 service include changing the day/evening/night rates to peak (8AM to 5PM Mon.-Fri.) and off-peak (5PM to 8AM Mon.-Fri. and all day Sat. and Sun.) periods and replacing the existing tapered rate schedule with a per minute rate based upon total usage.

Currently, the customer's total usage is averaged over all lines and billed for total usage based on the average use per line. For example, if a customer had two lines, with 10 hours of use on one line, and 80 hours on the other, the total usage would be averaged over the two lines ($90/2 = 45$ hours per line) and compared to the tapered usage schedule. The account would be billed for 10 hours at the 0-10 hour rate, 15 hours at the 10.1 - 25 hour rate, and 20 hours at the 25.1 - 50 hour rate, per line. Based on the

proposed restructure, the same customer with 90 hours of usage would be billed at the greater than 80 hours rate. The existing and proposed rate schedules for outward WATS and 800 service are shown in Tables 8-11.

Table 8: Existing Outward WATS Rates

	Day	Evening	Night/Weekend
0 - 10 hours	\$9.28	\$6.40	\$3.71
10.1 - 25 hours	8.43	5.82	3.71
25.1 - 50 hours	7.60	5.24	3.71
50.1 - 80 hours	7.00	4.82	3.71
over 80 hours	7.00	4.82	3.71

Table 9: Proposed Outward WATS Service Rates

	<u>Per Hour</u>		<u>Per Minute</u>	
	Peak	Off-Peak	Peak	Off-Peak
Up to 15 Hrs.	\$9.90	7.92	\$.1650	\$.1320
Greater than 15 Hrs.	9.60	7.68	.1600	.1280
Greater than 40 Hrs.	9.30	7.44	.1550	.1240
Greater than 80 Hrs.	8.70	6.96	.1450	.1160
Greater than 120 Hrs.	8.10	6.48	.1350	.1080
Greater than 170 Hrs.	7.20	5.76	.1200	.0960
Greater than 320 Hrs.	6.60	5.28	.1100	.0880
Greater than 500 Hrs.	6.00	4.80	.1000	.0880
Greater than 1200 Hrs.	6.00	4.80	.1000	.0880
Greater than 2500 Hrs.	6.00	4.80	.1000	.0880

Table 10: Existing 800 (Option and Open) Service Rates

	Day	Evening	Night/Weekend
0 - 10 hours	\$14.11	\$9.99	\$5.78
10.1 - 25 hours	12.40	8.71	5.78
25.1 - 50 hours	10.58	7.40	5.78
50.1 - 80 hours	9.60	6.84	5.78
over 80 hours	8.94	6.33	5.78

Table 11: Proposed 800 (Option and Open) Service Rates

	<u>Per Hour</u>		<u>Per Minute</u>	
	Peak	Off-Peak	Peak	Off-Peak
Up to 15 Hrs.	\$9.36	\$7.50	\$.1560	\$.1250
Greater than 15 Hrs.	8.70	6.96	.1450	.1160
Greater than 40 Hrs.	8.10	6.96	.1350	.1160
Greater than 80 Hrs.	7.50	6.96	.1250	.1160
Greater than 120 Hrs.	6.90	6.90	.1150	.1150
Greater than 170 Hrs.	6.30	6.30	.1050	.1050
Greater than 320 Hrs.	6.00	6.00	.1000	.1000
Greater than 500 Hrs.	5.88	5.88	.0980	.0980
Greater than 1200 Hrs.	5.88	5.88	.0980	.0980
Greater than 2500 Hrs.	5.88	5.88	.0980	.0980

The Company has also proposed to reduce the non-recurring charges for terminating 800 service (option 800 and open 800) to exchange access lines, to \$10.00 per 800 number for first and additional lines for both business and residential customers. The Company asserts it is proposing one rate as opposed to the first and additional rate in the current structure, because a lower non-recurring rate for both the first and each additional 800 number would make the service more attractive to customers and would simplify the rate structure.

We have reviewed the Company's cost information for 800 service and determined that the incremental costs are recovered by a combination of the non-recurring charge and the average 800 service usage charges per line. Approximately 56 percent of the non-recurring costs of the first 800 number are recovered in the monthly recurring rate and usage, and all of the costs for

additional 800 numbers terminating to the same customer are recovered by the proposed non-recurring charge of \$10.00.

According to Southern Bell, using unstimulated 1994 year end units, the revenue impact reflects an increase of approximately \$316,000 in WATS rates, a decrease of \$1,036,000 in 800 service rates and a decrease of \$127,000 in 800 service non-recurring charges. However, using stimulated/repressed 1994 units, the proposed WATS/800 restructure would reflect a revenue increase of approximately \$188,000 in WATS rates, a decrease of \$669,000 in 800 service, and a decrease of \$99,000 in 800 service non-recurring charges. Table 13 shows the overall revenue effect of the Company's proposed changes to WATS/800 service using both unstimulated units and stimulated/repressed units.

Table 12: Current and Proposed WATS Revenues

	Present Revenue	Proposed Revenue W/O Demand Response	Revenue Change W/O Demanded Response	Proposed Revenue With Demand Response	Revenue Change With Demand Response
OutWard WATS	\$1,545,000	\$1,861,000	\$ 316,000	\$1,733,000	\$ 188,000
800 Service	4,619,000	3,583,000	(1,036,000)	3,950,000	(669,000)
800 Service Non-recurring Rates	163,180	36,240	(126,940)	64,211	(98,969)
Overall WATS/800 Revenue Effect	\$6,327,180	\$5,480,240	\$(846,940)	\$5,747,211	\$(579,969)

Upon consideration of the foregoing, we find it appropriate to approve Southern Bell's proposed WATS/800 restructure, effective September 1, 1995.

Saver Service & WATSSaver Service Restructure

The Company has proposed several revisions to its Saver Service and WATSSaver service. Saver Service and WATSSaver Service allow customers to purchase a block of time at a flat monthly rate for intraLATA long distance MTS. Saver Service includes Residence Saver Service and Business WATSSaver Service, which require various levels of usage up to 50 hours, and Aggregated Saver Service, which requires high volume usage of up to 2000 hours. The proposed revisions include reducing WATSSaver service rates (current rates and minimum rates), eliminating Residence Saver Service, introducing a WATSSaver service term discount plan, and introducing an Expanded Local and Outside Expanded Local Saver Service.

Elimination of Residence Saver Service

The Company has proposed to eliminate its current Residence Saver Service options, Option SS30 (30 minutes) and Option SS2 (2 hours). The Company asserts that with the proposed restructure of the MTS toll tariff, these offerings may no longer be the most economical options available to customers. In addition, due to the implementation of non-optional extended calling service (ECS) plans, many calls that were once WATSSaver Service calls are now local and customers could find themselves unable to meet the minimum usage of their respective WATSSaver service plans.

Current customers may continue to subscribe to these options if they desire; however, no new customers would be added. Upon Commission approval of this proposal, Southern Bell intends to provide direct mail to Residence Saver Service customers describing the new MTS toll structure with automatic volume discounts and how the Residence Saver Service option may no longer be the best plan for them. Currently there are 832 customers subscribing to Option SS30 and 2352 customers subscribing to Option SS2.

WATSSaver Service Rate

The Company has proposed to reduce its WATSSaver Service rates (current and minimum rates), convert customers subscribing to the Aggregated 135 hour option to the proposed 110 hour option, change the number of hours needed to cross revenue accounting office boundaries from 500 hours to 250 hours, and change the minimum call duration from one-tenth of a minute to 30 seconds. The Company asserts it is decreasing its current WATSSaver rates in order to make the service more attractive to customers and that the decrease in the minimum rate is to allow for both the reduction of rates and the application of the WATSSaver term discounts. It states that the purpose of lowering the 135 hour option to 110 hours is to make the plan more uniform across all BellSouth states. The proposed 30 second minimum is consistent with the billing changes that the Company has proposed in other parts of this filing.

WATSSaver rates are required to cover their access charge rate levels. Per Order No. 24859, switched access charges are imputed on both ends for low volume WATSSaver services; however, for the high volume Aggregated WATSSaver plans the Company is allowed to impute special access on one end and switched access on the other end. The lowest possible Aggregated WATSSaver rate that a customer could receive under the proposed changes is \$.06942 per minute, which is above Southern Bell's current imputation floor (i.e., originating special access plus terminating switched access plus billing and collection) of \$.05379 per minute.

For all of the Saver Service options the customer may use up to the initial block of time of toll calling (e.g., 50 hours, 250 hours, etc.) per account for a monthly settlement amount (fixed charge), and then receive a guaranteed rate for all additional calling during the month. The monthly settlement amount is based on the minutes of the selected option (e.g., 50 hours/3000 minutes) multiplied by the option's peak rate. During the same month, usage which exceeds the initial block of time would be prorated based on the rate (either peak or off-peak) of the initial block. Current and proposed monthly settlement amounts for the Budgeting plans and the Aggregated plans are shown in Tables 13 and 14.

Table 13: Monthly Settlement Amounts for Saver Service Budgeting Plans

Option	Current Minimum	Proposed Minimum	Maximum	Current Rate	Proposed Rate
2 Hours	\$ 17.79	\$ 16.54	\$ 21.96	\$ 20.40	\$ 18.60
5 Hours	44.46	40.05	52.50	49.50	45.00
10 Hours	88.92	74.76	98.40	96.00	84.00
25 Hours	222.30	173.55	225.00	225.00	195.00
50 Hours	415.80	320.40	435.00	426.00	360.00

Table 14: Monthly Settlement Amounts for Saver Service Aggregated Plans

Option	Current Minimum	Proposed Minimum	Maximum	Current Rate	Proposed Rate
135 Hrs.	\$ 810.00	N/A	\$ 1,093.50	\$ 891.00	N/A
110 Hrs.	N/A	646.14	891.00	N/A	\$ 726.00
250 Hrs.	1,489.50	1,201.50	1,725.00	\$ 1,575.00	1,350.00
500 Hrs.	2,784.00	2,349.00	3,150.00	3,000.00	2,640.00
1000 Hrs.	5,400.00	4,536.00	6,000.00	5,700.00	5,100.00
1500 Hrs.	7,560.00	6,723.00	8,460.00	8,100.00	7,560.00
2000 Hrs.	9,840.00	8,544.00	11,040.00	10,200.00	9,600.00
2500 Hrs.	11,925.00	10,410.00	13,500.00	11,925.00	11,700.00

According to Southern Bell, the revenue impact due to the reduction in WATSSaver Service rates, based on unstimulated 1994 units, would be a decrease of approximately \$4,200,000, or 9.01 percent from current revenues. Using stimulated 1994 units, the revenue impact would be a decrease of approximately \$2,600,000 or a 5.65 percent from current revenues. These revenue effects do not take into account the proposed WATSSaver term discounts. Table 16

reflects the revenue effect of the Company's proposed reductions to its WATSSaver service rates and the introduction of the WATSSaver term discounts using both unstimulated units and stimulated units.

WATSSaver Term Discount Plan

The Company has proposed to introduce a WATSSaver Service Term Discount plan. The plan would provide additional discounts to users who commit to 12, 24, or 36 month contracts. The Company has requested an effective date of August 2, 1995. The plan would be available to all business customers who subscribe to WATSSaver service, Aggregated Plans, or Expanded Local Saver Service Plans (as shown in A3.14 of the Company's proposed tariff). The WATSSaver service term plan discounts are 5, 8, or 11 percent for terms of 12, 24 or 36 months, respectively.

The Company also proposes a termination liability for subscribers who terminate their service prior to the expiration of their commitment term, equal to the minimum monthly settlement amount less the discount multiplied by the number of months remaining in the commitment term. Based upon unstimulated units, the Company estimates a decrease in revenue of approximately \$1,700,000, or 3.52 percent, from introduction of this discount plan. However, based on stimulated 1994 units, the revenue effect would be a decrease of approximately \$1,025,000, or 2.18 percent. Table 15 shows the total revenue effect due to the introduction of the proposed WATSSaver term discount plan and the proposed reductions in WATSSaver Service rates.

Table 15: Current and Proposed WATSSaver Revenues

	Present Rev	Proposed Rev Unstimulated	Rev Change Unstimulated	Proposed Rev Stimulated	Rev Change Stimulated
WATSSaver Rates (w/out term plan)	\$47,027,000	\$42,789,867	\$(4,237,133)	\$44,369,974	\$(2,657,026)
WATSSaver Term Discounts		41,135,270	(1,654,597)	43,344,785	(1,025,189)

Expanded Local and Outside Expanded Local Saver Service

Expanded Local WATSSaver Service (ELWS) is a proposed optional service for business subscribers, who generate a high volume of local usage to locations included in the ECS plan. The Outside Expanded Local Saver Service (APE) is a proposed optional service for business subscribers generating a high volume of intraLATA toll calls. Although subscribers may call anywhere within the LATA, the call must originate from an ECS exchange.

The current ECS business plan has usage rates of \$.10 for the first minute and \$.06 for all additional minutes. Currently, the ECS plan applies to the following ECS exchanges:

Table 16: ECS Exchanges

ORIGINATING EXCHANGE	ECS EXCHANGES
Ft. Lauderdale	Miami, North Dade
Geneva	Orlando
Green Cove Springs	St. Augustine
Hollywood	Miami
Julington	St. Augustine
Miami	Ft. Lauderdale, Hollywood
North Dade	Ft. Lauderdale
Orlando	Geneva, Sanford
Sanford	Orlando
St. Augustine	Green Cove Springs, Julington

As a result of the hybrid \$.25 extended area calling plan (EAS) between Ft. Lauderdale and Miami/North Dade, and Hollywood and Miami, implemented on January 23, 1995, large business customers who previously subscribed to a Saver Service plan under Section A18.13 of the General Subscriber Service Tariff (GSST), had a portion of their toll calls converted to local service.

All prior usage under the Saver Service Plan became local, subject to usage charges of \$.10/.06. With the loss of this usage, the Company asserts that meeting the monthly requirement becomes more difficult for Saver Service subscribers. For example, under Option AP250 the Monthly Settlement Amount was \$1,575, with rates per minute of \$.1050 and \$.1000, peak and off-peak, respectively.

Southern Bell proposed the ELWS and APE plans to help alleviate the impact. The usage requirement is reduced to 7,500

minutes (125 hours) for each (ELWS and APE), with a monthly Settlement Amount of \$675 for each plan and a rate of \$.09, peak and off-peak. These figures assume a 50/50 split of calls, half in the now local category and half remaining toll. Since the subscriber would experience no increase or decrease in charges, there is no revenue impact to the Company.

To illustrate the revenue neutrality of the plans, Table 17 compares charges under the ELWS as opposed to the ECS plan, using the October, 1994 average length of call:

Table 17: ELWS vs. ECS rates

ELWS	2.43 rounds upward to $2.5 \times .09 = \$0.225$ truncated to \$.22
ECS	\$.10 1st minute <u>.12</u> (2 minutes at \$.06 each) \$.22

Under the proposed ELWS and APE plans, customers receive a block of usage for a fixed monthly charge and a guaranteed rate per minute for additional usage. Individual message detail is included as part of the ELWS service. The service is available to individual business lines, PBX, ESSX and RCF. The proposed plans are not available to intraLATA-only Outward WATS, combined Outward WATS, Mobile telephone service, Public and Semi-public Telephone Service, and Dormitory Communications Service.

The proposed services would be offered on an account only basis. Customers would have the option of having multiple accounts billed on the same bill, but each account must meet its monthly settlement amount. Monthly charges would be determined for each call based on minutes and tenths of minutes (or fractions thereof), with a minimum call duration of thirty seconds. This value would then be multiplied by the rate per minute for the rate option selected by the customer. The resultant amount is truncated to whole cents for each call.

As an example, a customer with 7,500 minutes of anticipated usage to ECS exchanges, would opt for ELWS 125, which has a monthly settlement amount of \$675 ($7500 \times \0.09). Calls in this account would be individually billed, subject to a thirty second minimum with additional time billed in tenths of a second or fraction thereof. After meeting the monthly settlement amount, the customer would receive a guaranteed rate of \$.09 for all additional calls during the month. These charges are in lieu of the ECS rates of \$.10 for the first minute and \$.06 for all additional minutes. If

a customer located in an ECS exchange had 7,500 minutes of anticipated intraLATA toll usage, they would opt for APE 125, which also has a monthly settlement amount of \$675.

As shown in Tables 18 and 19, the Company has proposed banded rates under each of the ELWS and APE options. It should be noted that since the primary purpose of introducing the ELWS and APE options is to allow customers to split their current WATSSaver service usage between what was formerly toll and what is now local and toll, the options and rates available under each of the plans are identical.

Table 18: Monthly Settlement Amounts

Monthly Settlement Amounts				
Option	Hours	Minimum	Maximum	Current
ELWS/APE 125	125	\$ 600.75	\$ 862.50	\$ 675.00
250	250	1,174.50	1,575.00	1,320.00
500	500	2,268.00	3,000.00	2,550.00
750	750	3,361.50	4,230.00	3,780.00
1000	1000	4,272.00	5,520.00	4,800.00
1250	1250	5,205.00	6,750.00	5,850.00

Table 19: Monthly Recurring Rates (per minutes of use)

Option	Minutes	Minimum	Maximum	Current
ELWS/APE 125	7,500	\$.0801	\$.1150	\$.0900
250	15,000	.0783	.1050	.0880
500	30,000	.0756	.1000	.0850
750	45,000	.0747	.0940	.0840
1000	60,000	.0712	.0920	.0800
1250	75,000	.0694	.0900	.0780

As discussed above, subscribers to any of the ELWS options would also be eligible to receive discounts of 5, 8, or 11 percent for terms of 12, 24 or 36 months, respectively.

Saver Service and WATSSaver Service Restructure

Since the proposed Saver Service and WATSSaver Service restructure will result in lower rates for its residential and business customers, we find it appropriate to approve the proposed restructure, effective August 2, 1995.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to restructure its MTS toll rates is approved, effective September 9, 1995. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to reduce the monthly recurring rate for Remote Call Forwarding is approved, effective September 9, 1995. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to implement an operator dialed surcharge is approved, effective September 9, 1995. BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company shall have its operators inform each customer who requests that an operator dial a number that the customer can dial the number and that, if the customer wishes to have the operator dial the number, a \$.60 charge will apply. This notification should continue for sixteen months. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to offer a Business Saver Service toll discount plan is approved, effective September 9, 1995. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to restructure its WATS and WATS/800 rates is approved, effective September 1, 1995. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to restructure Saver Service and WATSSaver Service rates is approved, effective August 2, 1995. It is further

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ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund 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 17th day of August, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

(S E A L)

RJP