

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: PROPOSED TARIFF FILING BY UNITED)	DOCKET NO. 890954-TL
TELEPHONE COMPANY TO ADJUST THE METHOD OF)	ORDER NO. 21915
APPLYING THE RATE ELEMENTS FOR THE MEET-)	ISSUED: 9-19-89
ME-CONFERENCE FEATURE OF THE ENHANCED)	
ADVANCED BUSINESS CONNECTIONS (ABC))	
TARIFF (T-89-348 FILED 6/27/89))	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER APPROVING TARIFF FILING

BY THE COMMISSION:

On June 27, 1989, United Telephone Company (United) proposed revisions to adjust the method of applying the rate elements for the Meet-Me-Conference feature of the Enhanced Advanced Business Connections (ABC) tariff. In the previous tariff filing, the rates for the Meet-Me-Conference feature were inadvertently submitted under the Station Feature and the Optional Service Feature sections of the tariff. To correct its rates, United has deleted the reference to this feature under the Station Feature Section of the tariff and has deleted the per line rate for the remaining Optional Service Feature reference. The rate appeared in both sections of the tariff giving the customer the option of choosing one rate. Since one rate (\$.40) was considerably lower than the other rate (\$16.20), the customer would have chosen the lower rate. United argues that the corrected rates and the per conference bridge charge reflect the most appropriate method of charging for this feature.

United's Enhanced ABC service is similar to Bell's Digital ESSX and GTE's CentraNet Services. Meet-Me-Conference, which is part of Enhanced ABC, is an optional service conference feature. To conduct a Meet-Me-Conference, all potential conferees dial the Meet-Me-Conference directory number at the

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prearranged date and time. This conferee must originate from a caller who receives Enhanced ABC service. As a conferee is added, all conferees receive a confirmation tone indicating a party has been added. This allows any conferee to check the "roll call" to ensure only desired parties are involved in the conference call and to maintain an orderly list of participants.

As conferees leave the conference, a confirmation tone is received by all conferees announcing a change in the number of participants. At any time during the conference, any one of the conferees can flash the hook switch to lock out any further dial-ins. All conferees hear a different tone, a locking confirmation tone, so no undesirable parties can break in.

When the first conferee dials the Meet-Me-Directory number, a six port bridge is seized. When the bridge is obtained, the station is connected to one port of the bridge. Ring tone is provided until a second party dials into the conference. When the second party joins, the ringing to the first party stops and a voice path is established between the parties. If all bridge ports are occupied in the Conference, a station dialing into the Conference receives busy treatment.

A Meet-Me-Conference requires more than one conference bridge if there are to be seven or more conferees. The first bridge allocated to a conference is the primary bridge. When more than six conferees have been connected to the conference, a conferee is transferred from the primary bridge to the new bridge which is connected to the primary bridge via the port used by the transferred conferee. This bridge, connecting to the primary bridge, is referred to as the secondary bridge.

United's methodology for developing costs for station features, attendant features, business features, and optional features were based on an allocation of software and hardware costs spread over all features depending on the amount of memory (BYTES) used for each feature. United's proposed service has a monthly flat rate fee of \$3347.00 which covers all access lines.

The five year projected cost and revenue analysis for the Meet-Me-Conference feature shows a \$22,205 loss. However, the Enhanced ABC service as a whole nets a profit. The fact that the feature does not cover its cost while the service as a

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whole exceeds its cost is due to the cost allocation methodology used. Based on this allocation, some features showed a very high cost while others showed zero cost. Pricing for individual features was market based. Therefore, features with an extremely high cost were priced below cost and those showing zero cost were priced way above cost. The net effect of this pricing methodology was that contribution gains for some features would by far exceed negative contributions for other features. Exact costs were not provided by the company for each feature. However, as of March 1989, the Enhanced ABC revenue for 1989 was \$135,734, compared to \$109,883 for 1988. Overall, the five year forecast for net revenues of \$9,005,794, exceed the projected costs of \$6,915,818 by \$2,089,976.

United utilized a long-run incremental cost methodology. United argues that this methodology is appropriate because long run incremental cost studies identify the additional direct costs associated with the introduction of specific products or services. If these costs are utilized as the floor for the pricing, any revenues achieved over the floor amount are a contribution toward the common costs of the company and basic customer service. We believe the long-run incremental cost methodology is appropriate for this filing.

The Meet-Me-Conference feature rates were inadvertently included by the company under both the station feature and optional service feature portions of the tariff. The company meant to only include rates under the station feature portion of the tariff. Therefore, in this filing, the company deleted the rates from under the Station Feature Section of the tariff so that the low cost option is no longer available and the Option Service Feature rate has been reduced.

We believe that deleting the per system and per line charge in the proposed revision more accurately reflects how this feature is provided to the customer. For example, when a customer orders this feature, he is, in effect, ordering a conference bridge. One conference bridge allows up to six simultaneous conferees from the same ABC system. Applying the charge on a per line basis is inappropriate because it is not known which lines within a given system (i.e., which customer using the centrex service) will access the conference bridge. Also, a per conference bridge charge is preferable to a per system charge because it is possible for customers to equip their ABC systems with multiple Meet-Me-Conference bridges.

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Since total revenue exceeds the costs, we have no problem with the resultant rate levels for the feature. While the rates for some features alone may be priced below their allocated costs, the enhanced ABC service, as a whole, exceeds its costs.

United currently has no customers subscribing to Enhanced ABC, therefore no customer impact statement was needed. The proposed rates are not comparable to what other companies charge because United and General are a quarter mile away from the Central Office and Southern Bell is two and a half miles away.

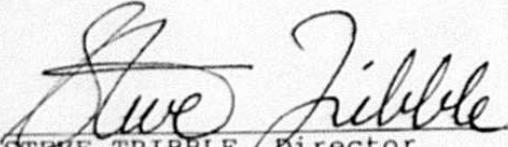
Based on the information presented in this docket we believe that the proposed tariff filing to adjust the method of applying the rate elements for the Meet-Me-Conference feature of United's Enhanced ABC tariff is appropriate. Therefore, the tariff is approved.

Based on the foregoing, it is

ORDERED that United Telephone Company's tariff filing to adjust the rate elements for the Meet-Me-Conference feature of the Enhanced Advanced Business Connection (ABC) tariff is approved effective August 29, 1989. It is further,

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission,
this 19th day of SEPTEMBER, 1989.


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.