

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to investigate and	)	DOCKET NO. 900037-TI
eliminate or reduce intrastate primary	)	
interexchange carrier (PIC) change	)	ORDER NO. 23340
charge, by MCI TELECOMMUNICATIONS	)	
CORPORATION	)	ISSUED: 8-9-90

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 FRANK S. MESSERSMITH

ORDER APPROVING STIPULATION AND SETTLEMENT

AND

NOTICE OF PROPOSED AGENCY ACTION  
ORDER ELIMINATING SOUTHERN BELL TELEPHONE  
AND TELEGRAPH COMPANY'S INTRASTATE PRIMARY  
INTEREXCHANGE CARRIER CHANGE CHARGE

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the elimination of Southern Bell Telephone and Telegraph Company's intrastate primary interexchange carrier change charge, discussed further herein, is 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. All other provisions of this Order are issued as final agency action.

I. Case Background

Presubscription allows end user subscribers to access their primary interexchange carrier (PIC) by dialing 1+ or 0+. By Order No. 13858, issued November 15, 1984, this Commission decided to "mirror", for intrastate purposes, the FCC-approved interstate presubscription plan, which included a nonrecurring charge of \$5.00 per line or trunk when an end user changes his

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PIC after the initial six months of balloting and allocation following equal access conversion. In that Order, we stated that:

By so mirroring, we are implementing a \$5.00 intrastate non-recurring charge for a change in carriers in addition to the \$5.00 interstate carrier change charge approved by the FCC (as part of the NECA tariff). We believe this is more representative of the cost of taking the presubscription change order than would be realized if no intrastate charge were assessed. . . . We do not know the exact cost to the companies of preparing and executing a presubscription change order because the cost estimates submitted by the companies ranged from \$5.72 to \$31.27 per line. A more precise cost will undoubtedly be established during a LEC [local exchange carrier] rate case.

Order No. 13858, page 6.

Of the thirteen Florida-based LECs only Southern Bell Telephone and Telegraph Company (SBT), GTE Florida Incorporated (GTEFL), United Telephone Company of Florida (UTFL), Central Telephone Company of Florida (Centel), ALLTEL Florida, Inc., and Vista-United Telecommunications (Vista-United) offer equal access. Each of these have implemented the intrastate PIC change charge approved in Order No. 13858. Since we issued Order No. 13858, we have not had the opportunity to reevaluate the propriety of the intrastate PIC change charge in the context of a formal LEC rate case. However, the interstate PIC change charges have been redesigned, on a LEC-specific basis, to fully recover the costs of processing a PIC change. The interstate charges are currently \$1.65 for SBT, \$4.14 for GTEFL, and \$4.00 for Centel. The remaining LECs concurring in the interstate NECA tariff in Florida who offer equal access continue to collect a \$5.00 interstate PIC change charge.

## II. MCI's Petition

On January 18, 1990, MCI Telecommunications Corporation (MCI) filed a petition to investigate and eliminate or reduce the intrastate primary interexchange carrier (PIC) change

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charge for all Florida-based LECs. In its petition, MCI stated: "At the time the charge was established, the Commission believed that a separate intrastate charge was appropriate to help defray the cost incurred in connection with a customer's change in presubscribed carrier." MCI also stated that, since the intrastate PIC change charge was implemented, "there have been a number of changes in the interstate PIC change charge. The interstate charge is now established on a carrier-specific basis and is designed to fully recover the cost of processing the change in presubscription." According to MCI, since all LEC PIC change costs are already allocated as interstate costs, and are fully recovered through the interstate PIC change charge, the intrastate PIC change charge should be eliminated. MCI further stated that "[t]he continued requirement that the End User pay an inflated, double charge stands as a substantial impediment to interexchange toll competition in the state of Florida and does not appear to be currently cost justified."

On February 19, 1990, the Staff of this Commission (Staff) sent a data request to all Florida-based LECs, regarding the number of PIC changes which occurred during 1989 and to determine if all of the costs of processing a PIC change were being assigned as interstate costs and recovered through the interstate PIC change charge. According to the responses, approximately 693,000 PIC changes were processed during 1989; approximately 70 percent of these, or 487,000, were processed by SBT. The responses also indicated that all costs for PIC changes were being assigned as interstate costs and recovered through the interstate charge.

On March 1, 1990, in response to a request by GTEFL, SBT filed revised tariffs to eliminate GTEFL's intrastate PIC change charge. By Order No. 22849, issued April 23, 1990, we suspended the proposed GTEFL tariffs pending the resolution of this docket.

On April 2, 1990, in response to a request by Centel, SBT filed revised tariffs to eliminate Centel's intrastate PIC change charge. By Order No. 23030, issued June 5, 1990, we suspended the proposed Centel tariffs pending the resolution of this docket.

### III. Stipulation and Settlement

On June 6, 1990, Staff held a workshop to discuss a proposed stipulation to eliminate the intrastate PIC change

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charges. Attending the meeting were representatives for MCI, ATC, the Florida Interexchange Carrier Association (FIXCA), the Office of Public Counsel (OPC), Staff and all of the LECs except UTFL. Each of the parties agreed to support a stipulated agreement to eliminate the intrastate PIC change charge except SBT. Although SBT did not specifically object to the concept of eliminating the intrastate PIC change charge, it noted that the elimination of its PIC change charge would result in a revenue reduction of approximately \$2,436,000. SBT stated that it could not sign a stipulated agreement unless it was assured that the Commission would offset the revenue reduction in either the Private Line/Special Access Restructure case (Docket No. 890505-TL) or the SBT Rate Stabilization case (Docket No. 880069-TL).

On June 27, 1990, MCI filed a Stipulation and Settlement agreement signed by representatives of MCI, OPC, and all the LECs except SBT. A copy of the agreement is appended to this Order as Attachment A. According to the Stipulation and Settlement, each of the parties agree to "the entry of an Order by the Commission directing Southern Bell Telephone and Telegraph Company to file a tariff on behalf of the undersigned local exchange telephone companies (other than Central Telephone Company of Florida) to eliminate the intrastate PIC change charge. As for UTFL, the Stipulation and Settlement agreement states that "the Commission should recognize the elimination for the intrastate PIC change charge and the revenues associated therewith in the context of Docket No. 891239-TL. . . ." With regard to Centel, the Stipulation and Settlement agreement states that "the intrastate PIC change charge should be eliminated and the revenues associated therewith be considered coincident with the final permanent rates approved by the Commission in Docket No. 891246-TL."

Out of all the LECs which signed the Stipulation and Settlement, GTEFL, ALLTEL, Vista-United do not seek any kind of offset for revenue reductions occasioned by the proposed elimination of the PIC change charge. According to GTEFL, between December, 1988, and November, 1989, it processed 129,917 PIC changes, for a total revenue impact of \$648,724. GTEFL expects the number of PIC changes to diminish in subsequent years. GTEFL estimated that if the charge is not eliminated, intrastate PIC change revenues for 1990 would decline to approximately \$454,107.

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ALLTEL began offering equal access in August, 1989. During 1989, it processed only five PIC changes, which resulted in only \$25.00 of intrastate PIC change revenues. As for Vista-United, it only processed three PIC changes during 1989.

SBT, UTFL, and Centel, all believe that there should be an offset to the revenue reduction which will be incurred by the elimination of their intrastate PIC change charges. Two of these, UTFL and Centel, currently have rate cases pending before this Commission. We note that UTFL has filed proposed tariffs in Docket No. 891239-TL to eliminate the PIC change charge. During 1989, UTFL processed 63,064 PIC changes, for a revenue effect of approximately \$315,000. For its 1991 test year, UTFL has projected that elimination of the intrastate PIC change charge will result in a revenue reduction of \$260,940.

We are disappointed that Centel is unwilling to eliminate its PIC change charge until the conclusion of its rate case. However, we suspect that it is hesitant to eliminate these revenues while also pleading that its financial situation is such that an interim rate increase is required. During 1989, Centel processed 12,391 PIC changes, which generated approximately \$62,000 in intrastate PIC change charge revenues.

Based upon our discussion above, we believe that it is appropriate to eliminate the intrastate PIC change charge for those Florida-based LECs which signed the Stipulation and Settlement, especially since it appears that all of the costs related to a PIC change are being allocated to and fully recovered by the interstate charges. We believe that eliminating the intrastate PIC change charge will make it easier and less burdensome for customers dissatisfied with their rates and/or service to change their PIC, which should result in increased competition among the interexchange carriers. Accordingly, we hereby approve the Stipulation and Settlement filed by MCI.

#### IV. Elimination of SBT's Intrastate PIC Change Charge

SBT was the only Florida-based LEC which did not sign the Stipulation and Settlement. As already noted, during the Staff workshop in this case, SBT stated that it did not object to the concept of eliminating the PIC change charge. However, SBT argued that its elimination of the charge would reduce its annual revenues by approximately \$2,436,000, and that it could

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not sign the Stipulation and Settlement unless it was assured of having the revenue decrease offset either in the Private Line/Special Access Restructure case (Docket No. 890505-TL) or the SBT Rate Stabilization case (Docket No. 880069-TL).

OPC stated that, if we were to give any prior assurance of SBT's entitlement to an offset for the reduction in revenues associated with the elimination of the intrastate PIC change charge, it would demand a hearing. OPC argued that the revenues associated with the intrastate PIC change charge were not included in SBT's intrastate revenue forecast for the years 1988, 1989, and 1990, as presented by SBT in Docket No. 880069-TL. OPC claims that SBT's intrastate PIC change charge revenues were actually booked to interstate operations and that SBT is not, therefore, entitled to an intrastate revenue offset.

For the same reasons given in our discussion of MCI's Stipulation and Settlement, we believe that it is appropriate to eliminate SBT's intrastate PIC change charge. We believe that it is especially appropriate in light of the fact that, during 1989, SBT processed approximately 70 percent of all of the PIC changes. However, we do not believe that it is appropriate to determine, in this docket, whether SBT is entitled to any offset for revenue reductions occasioned by its elimination of the intrastate PIC change charge. We believe that the matter is more appropriate for Docket No. 880069-TL, the Rate Stabilization Docket. The matters addressed under this section of this Order are issued as proposed agency action, but will become final unless an appropriate petition is received by the Division of Records and Reporting by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review.

It is, therefore,

ORDERED by the Florida Public Service Commission that the Stipulation and Settlement filed by MCI Telecommunications Corporation is hereby approved. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file revised tariffs, on behalf of each of the Florida-based local exchange companies other than Central Telephone Company of Florida and United Telephone Company of Florida, to eliminate their intrastate primary interexchange carrier change charges. It is further

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ORDERED that United Telephone Company of Florida's intrastate primary interexchange carrier change charge shall be eliminated and the revenues associated therewith considered in the context of Docket No. 891239-TL. It is further

ORDERED that Central Telephone Company of Florida's intrastate primary interexchange carrier change charge shall be eliminated and the revenues associated therewith considered concurrent with our establishing final permanent rates in Docket No. 891246-TL. It is further

ORDERED that the provisions of Section IV of this Order are issued as proposed agency action and will become final unless an appropriate petition is received by the Division of Records and Reporting, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on the date indicated in the Notice of Further Proceedings or Judicial Review. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file a revised tariff eliminating its intrastate primary interexchange carrier change charge. It is further

ORDERED that the revenue impacted associated with Southern Bell Telephone and Telegraph Company's elimination of its intrastate primary interexchange carrier change charge shall be considered in Docket No. 880069-TL, the Rate Stabilization Docket. It is further

ORDERED that, after the expiration of the protest period herein, this Commission will issue either a notice of further proceedings, or an order indicating that the proposed agency action provisions of this Order have become final and effective and closing this docket.

By ORDER of the Florida Public Service Commission  
this 9th day of AUGUST, 1990.

  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

RJP

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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.

As identified in the body of this order, our elimination of Southern Bell Telephone and Telegraph Company's intrastate primary interexchange carrier change charge 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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 30, 1990. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 the relevant portion of this order becomes final and effective 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 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 of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal



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must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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.

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BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Investigate )  
and Eliminate or Reduce Intrastate ) DOCKET NO. 900037-TI  
Primary Interexchange Carrier (PIC) )  
Change Charge )  
\_\_\_\_\_ )

STIPULATION AND SETTLEMENT

WHEREAS, on January 17, 1990, MCI filed a Petition to Investigate and Eliminate or Reduce the Intrastate Primary Interexchange Carrier (PIC) Change Charge; and

WHEREAS, the parties to this Stipulation agree that, in accordance with FCC Dockets No. 78-72 and 80-286, all costs involved in processing an end user PIC change request are recovered by the interstate PIC change charge; and

WHEREAS, the parties to this Stipulation agree that elimination of the intrastate end user charge for PIC changes will enhance the competitive interexchange telecommunications environment and benefit the ratepayers in Florida; and,

WHEREAS, the parties agree that, with respect to United Telephone Company of Florida, the Commission should recognize the elimination of the intrastate PIC change charge and the revenues associated therewith in the context of Docket No. 891239-TL; and,

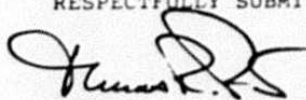
WHEREAS, the parties agree that with respect to Central Telephone Company of Florida, the intrastate PIC change charge should be eliminated and the revenues associated

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therewith be considered coincident with the final permanent rates approved by the Commission in Docket No. 891246-TL.

NOW, THEREFORE, the undersigned parties agree to the entry of an Order by the Commission directing Southern Bell Telephone and Telegraph Company to file a tariff on behalf of the undersigned local exchange telephone companies (other than Central Telephone Company of Florida) to eliminate the intrastate PIC change charge; directing United Telephone Company of Florida to file a tariff to eliminate the intrastate PIC change charge; and authorizing the Commission Staff to administratively approve such tariffs within 5 days after the filing of same.

RESPECTFULLY SUBMITTED,



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 GTE FLORIDA INCORPORATED

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 FLORIDA TELEPHONE COMPANY, INC.

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 CENTRAL TELEPHONE CO. OF  
 FLORIDA

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 GULF TELEPHONE COMPANY

\_\_\_\_\_  
 UNITED TELEPHONE CO. OF  
 FLORIDA

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 NORTHEAST FLORIDA TELEPHONE  
 COMPANY, INC.

\_\_\_\_\_  
 ALLTEL FLORIDA, INC.

\_\_\_\_\_  
 QUINCY TELEPHONE COMPANY

\_\_\_\_\_  
 ST. JOSEPH TELEPHONE AND  
 TELEGRAPH COMPANY

\_\_\_\_\_  
 INDIANTOWN TELEPHONE SYSTEMS,  
 INC.

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NOW, THEREFORE, the undersigned parties agree to the entry of an Order by the Commission directing Southern Bell Telephone and Telegraph Company to file a tariff on behalf of the undersigned local exchange telephone companies (other than Central Telephone Company of Florida) to eliminate the intrastate PIC change charge; directing United Telephone Company of Florida to file a tariff to eliminate the intrastate PIC change charge; and authorizing the Commission Staff to administratively approve such tariffs within 5 days after the filing of same.

RESPECTFULLY SUBMITTED,

\_\_\_\_\_  
 GTE FLORIDA INCORPORATED

\_\_\_\_\_  
 FLORAL TELEPHONE COMPANY, INC.

*C. Dean Kelly*  
 \_\_\_\_\_  
 CENTRAL TELEPHONE CO. OF  
 FLORIDA

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 GULF TELEPHONE COMPANY

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 UNITED TELEPHONE CO. OF  
 FLORIDA

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 NORTHEAST FLORIDA TELEPHONE  
 COMPANY, INC.

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 ALLTEL FLORIDA, INC.

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 QUINCY TELEPHONE COMPANY

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 ST. JOSEPH TELEPHONE AND  
 TELEGRAPH COMPANY

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 INDIANTOWN TELEPHONE SYSTEMS,  
 INC.

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NOW, THEREFORE, the undersigned parties agree to the entry of an Order by the Commission directing Southern Bell Telephone and Telegraph Company to file a tariff on behalf of the undersigned local exchange telephone companies (other than Central Telephone Company of Florida) to eliminate the intrastate PIC change charge; directing United Telephone Company of Florida to file a tariff to eliminate the intrastate PIC change charge; and authorizing the Commission Staff to administratively approve such tariffs within 5 days after the filing of same.

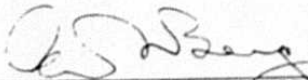
RESPECTFULLY SUBMITTED,

GTE FLORIDA INCORPORATED

FLORALA TELEPHONE COMPANY, INC.

CENTRAL TELEPHONE CO. OF  
 FLORIDA

GULF TELEPHONE COMPANY

  
UNITED TELEPHONE CO. OF  
 FLORIDA

NORTHEAST FLORIDA TELEPHONE  
 COMPANY, INC.

ALLTEL FLORIDA, INC.

QUINCY TELEPHONE COMPANY

ST. JOSEPH TELEPHONE AND  
 TELEGRAPH COMPANY

INDIANTOWN TELEPHONE SYSTEMS,  
 INC.

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NOW, THEREFORE, the undersigned parties agree to the entry of an Order by the Commission directing Southern Bell Telephone and Telegraph Company to file a tariff on behalf of the undersigned local exchange telephone companies (other than Central Telephone Company of Florida) to eliminate the intrastate PIC change charge; directing United Telephone Company of Florida to file a tariff to eliminate the intrastate PIC change charge; and authorizing the Commission Staff to administratively approve such tariffs within 5 days after the filing of same.

RESPECTFULLY SUBMITTED,

\_\_\_\_\_  
GTE FLORIDA INCORPORATED

*Norman H. Horton, Jr.*  
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FLORIDA TELEPHONE COMPANY, INC.

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CENTRAL TELEPHONE CO. OF  
FLORIDA

*Norman H. Horton, Jr.*  
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GULF TELEPHONE COMPANY

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UNITED TELEPHONE CO. OF  
FLORIDA

*Norman H. Horton, Jr.*  
\_\_\_\_\_  
NORTHEAST FLORIDA TELEPHONE  
COMPANY, INC.

*Norman H. Horton, Jr.*  
\_\_\_\_\_  
ALLTEL FLORIDA, INC.

*Norman H. Horton, Jr.*  
\_\_\_\_\_  
QUINCY TELEPHONE COMPANY

*Norman H. Horton, Jr.*  
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ST. JOSEPH TELEPHONE AND  
TELEGRAPH COMPANY

*Norman H. Horton, Jr.*  
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INDIANTOWN TELEPHONE SYSTEMS,  
INC.

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*Norman Altobelli* & *Norman Altobelli*  
SOUTHLAND TELEPHONE COMPANY VISTA-UNITED TELECOMMUNICATIONS

MCI TELECOMMUNICATIONS CORP. OFFICE OF PUBLIC COUNSEL

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SOUTHLAND TELEPHONE COMPANY VISTA-UNITED TELECOMMUNICATIONS

*Reed* *Charles J. Beck, asst Public Counsel*  
MCI TELECOMMUNICATIONS CORP. OFFICE OF PUBLIC COUNSEL 6/21/90