

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building  
101 East Gaines Street  
Tallahassee, Florida 32399-0850

M E M O R A N D U M

AUGUST 29, 1991

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [NORTON, RUSSO] *NR* *SR* *WB*  
DIVISION OF LEGAL SERVICES [MURPHY] *CM* *FF* *OD*

RE : DOCKET NO. 910884-TI: PROPOSED TARIFF FILING TO  
IMPLEMENT \$.75 SURCHARGE FOR CERTAIN OPERATOR ASSISTED  
CALLS BY AT&T COMMUNICATIONS OF THE SOUTHERN STATES,  
INC. (T-91-362 filed July 31, 1991)

AGENDA: SEPTEMBER 10, 1991 - CONTROVERSIAL - PARTIES MAY  
PARTICIPATE

CRITICAL DATES: 30 DAYS WAIVED

SPECIAL INSTRUCTIONS: NONE

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DISCUSSION OF ISSUES

ISSUE 1: Should ATT-C's filing to implement a \$.75 surcharge on certain operator assisted calls where the user has the capability to dial but requests that the operator perform this service, be approved?

RECOMMENDATION: Yes, ATT-C's filing should be approved effective September 16, 1991.

ALTERNATIVE RECOMMENDATION: ATT-C's filing should be denied.

STAFF ANALYSIS: ATT-C has submitted a tariff to charge an additional \$.75 for certain Operator Station and Person-to-Person calls where a customer has the capability to dial the number but elects instead to have the ATT-C operator dial the number. Staff recommends the filing be approved. The surcharge would only apply to Operator Station and Person-to-Person calls. It would not apply to Calling Card calls, to individuals identified as handicapped and unable to dial the call, or in situations where there is defective equipment or technical difficulties. The charge would be assessed in addition to the applicable charges for the type of operator service requested.

According to ATT-C, the purpose of the charge is to reduce

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the volume of this type of "0-" call. Placing a surcharge on operator-dialed calls which the customer can dial him/herself will create an incentive to use the more efficient "0+" dialing method, i.e., where the customer dials the digits.

The customer impact of the surcharge on an operator-dialed call is shown below:

	<u>Current</u>	<u>Proposed Surcharge if Operator-Dialed</u>	<u>Total</u>
Calling card	\$ .80	0	\$ .80
Station-to-Station	\$1.00	\$ .75	\$1.75
Person-to-Person	\$2.50	\$ .75	\$3.25

ATT-C states that the estimated revenue impact would be \$2,171,000 at current units. About 17% of current Florida ATT-C operator services users would get the charge if it were in effect today. The Company noted, however, that it does not expect to realize that level of revenue since the purpose is to repress unnecessary requests for operator dialing. The Company will ask customers who request that the operator dial the number if they are aware that they can dial the number themselves. ATT-C will not, however, tell them of the charge for operator-dialed calls unless specifically asked if there is a charge.

ATT-C has assessed this surcharge on interstate operator-dialed calls since 1988. Other IXCs also have filed similar interstate charges, and they and ATT-C are also filing them at equivalent rates on the intrastate levels. Staff believes that ATT-C is a price leader in the operator services market.

ATT-C's current charges for operator assistance already cover its costs including the costs of operator dialing. ATT-C did not cite insufficient cost recovery as a reason for imposing this charge. They did state in their filing that "0-" calls are highly labor intensive and are thus costly. They outlined the work that the operator must perform and described how the interaction between the operator and the customer can lead to further call handling time. Staff would note that it is the large numbers of digits required to be dialed, the expenditure of time, and the potential for error that leads customers to request operator dialing in the first place.

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Staff believes that imposition of this charge could be perceived by customers as a degradation of service given that it used to be free, at least on the intrastate level, and now they will have to pay for it. Nonetheless, this Commission is conducting a forbearance experiment with respect to setting prices and profits for ATT-C. Staff believes that, under this experiment, ATT-C should be allowed to operate freely within the constraints of the experiment. Staff recommends approval of this filing effective September 16, 1991.

**ALTERNATIVE STAFF ANALYSIS:** Given that ATT-C's current operator assistance charges are recovering costs as the Company defines them, the potential reduced quality of service, and the price leadership position of the Company, the alternative staff recommendation is to deny the filing. Under ATT-C's previous form of regulation, staff would not recommend approval of this filing.

Finally, it seems to staff that if this filing were approved, the effect would be to increase the current cap on calls made over privately owned paystation (PATS) instruments and over Alternative Operator Services (AOS). This is because The FPSC interLATA rate cap for PATS and AOS providers is tied to the ATT-C message telecommunication services (MTS) rates and the ATT-C operator surcharges. If this proposed operator surcharge is considered an "operator surcharge" for the purposes of this rate cap, then the effect of approving this tariff will be to increase the cap. Staff does not believe an increase in the cap for operator dialed calls made over PATS instruments and when using an AOS provider is warranted nor in the public interest. Absent a more compelling argument, we recommend this filing be denied.

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**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** If the primary recommendation in Issue 1 is approved this tariff should become effective on September 16, 1991. If a timely protest is filed this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed.

If the alternative recommendation in Issue 1 is approved, the docket should remain open pending the protest period. If no timely protest is filed, this docket should be closed.

**STAFF ANALYSIS:** At the conclusion of the protest period, if no protest is filed, this docket should be closed.

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