**FLORIDA PUBLIC SERVICE COMMISSION**

**Fletcher Building**

**101 East Gaines Street**

**Tallahassee, Florida 32399-0850**

**M E M O R A N D U M**

**MAY 6, 1993**

**TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING**

**FROM : DIVISION OF COMMUNICATIONS [YATES]**

**DIVISION OF LEGAL SERVICES [MURPHY]**

**RE : DOCKET NO. 930363-TL - REQUEST FOR APPROVAL OF TARIFF FILING TO WAIVE NONRECURRING CHARGES ON SYNCHRONET PRIVATE LINE SERVICE FOR CUSTOMERS WHO ENTER CONTRACTS FOR A SERVICE PERIOD OF 36 MONTHS OR GREATER DURING THE WAIVER PERIOD OF JUNE 1, 1993 - AUGUST 1, 1993 BY BELLSOUTH TELECOMMUNICATIONS, INC., d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH** **COMPANY. (T-93-169 FILED 4-2-93).**

**DOCKET NO.930370-TL - REQUEST FOR APPROVAL OF TARIFF FILING TO WAIVE NONRECURRING CHARGES ON DIGITAL DATA ACCESS SERVICE IN THE ACCESS SERVICE TARIFF FOR CUSTOMERS WHO ENTER CONTRACTS FOR A SERVICE PERIOD OF 36 MONTHS OR GREATER DURING THE WAIVER PERIOD OF JUNE 1, 1993 - AUGUST 1, 1993 BY BELLSOUTH TELECOMMUNICATIONS, INC., d/b/a SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY. (T-93-170 FILED 4-2-93)**

**AGENDA: MAY 18, 1993 - CONTROVERSIAL - PARTIES MAY PARTICIPATE**

**CRITICAL DATES: NONE**

**SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\930363.RCM**

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**DISCUSSION OF ISSUES**

**ISSUE 1:** Should the Commission approve Southern Bell Telephone and Telegraph's (SBT or the Company) Private Line Service Tariff proposal to waive nonrecurring charges for SynchroNet customers who enter contracts for a service period of 36 months or greater during the waiver period of June 1, 1993-August 1, 1993?

**RECOMMENDATION:** Yes, the tariff should be approved with an effective date of June 1, 1993.

**STAFF ANALYSIS:** Southern Bell indicates the Special Promotion tariff filing T-93-169 (DN 930363-TL) to waive nonrecurring charges (NRC) will stimulate demand on those SynchroNet services with speeds of 2.4, 4.8, 9.6, 19.2 and 56 Kbps. Current demand for 64 Kbps is minimal, and will not likely be stimulated by this promotion.

The typical 9.6 Kbps circuit configuration will produce contribution in the range of $3,100 and will require 8-10 months to recover the NRC, both dependent upon the length (36-60 months) of the customer contract. An example of a customer is a bank with several branch locations that has a requirement to transmit low speed data between the main location and each of the branches.

The typical 56 Kbps circuit configuration will produce contribution in the range of $4,200-$4,600 and will require 4-6 months to recover the NRC, both dependent upon the length (36-60 months) of the customer contract. A typical customer is a business with two locations that has the requirement for a transfer of large amounts of data between two computers.

The Company indicates the waiver will increase the current projected revenue of $1,127,691 to approximately $1,506,989. This results in an overall revenue increase of $379,298.

The Commission has historically approved NRC waivers that result in increased subscribership and contribution. Accordingly, staff recommends approval of this filing.

**ISSUE 2:** Should the Commission approve the Company's Access Service Tariff proposal to waive nonrecurring charges for Digital Data Access Service customers who enter contracts for a service period of 36 months or greater during the waiver period of June 1, 1993 - August 1, 1993?

**RECOMMENDATION:** Yes, the tariff should be approved with an effective date of June 1, 1993.

**STAFF ANALYSIS:** The Company indicates that tariff filing T-93-170 (DN 930370-TL) is specifically being filed to provide an equal opportunity for Access customers to obtain Digital Data Access Service (DDAS) under the same conditions as the promotion proposed for SynchroNnet service in Issue 1.

SBT does not expect any stimulation of demand for DDAS as a result of this promotion. In addition, the projection for normal inward movement is month-to-month service as opposed to contract agreements. Contract service periods have been available for DDAS customers since January 1991, however, no customers had chosen this option as of the end of February, 1993. SBT also indicates that no customers established DDAS contracts under a previous promotional offering. The Company believes it is reasonable to anticipate no customer gains from this promotion, thus there will be no difference in DDAS revenue, cost or contribution. The end result

will be a zero revenue impact.

Staff recommends approval of this filing. Although no customer gains are projected, we agree with SBT's position that the DDAS customers should be afforded the same opportunities as the Private Line Service customers who subscribe to equivalent services. This philosophy is consistent with the Commission's prior orders to restructure and standardize prices, where possible, between like services in the various tariff groups.

**ISSUE 3:** Should these dockets be closed?

**RECOMMENDATION:**  Yes.

**STAFF ANALYSIS:** If the Commission approves Issues 1 and 2, these tariffs will become effective on June 1, 1993. If an affected party files a timely protest, the tariffs should remain in effect with any increase in revenues held subject to refund pending resolution of the protest. If no timely protest is filed, the dockets should be closed.

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