

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

December 20, 1995

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (O'PRY) *JOV*
DIVISION OF LEGAL SERVICES (ELIAS) *RVE* *AL*

RE: DOCKET NO. 920260-TL - COMPREHENSIVE REVIEW OF THE
REVENUE REQUIREMENTS AND RATE STABILIZATION PLAN OF
SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY

AGENDA: JANUARY 3, 1996 - REGULAR AGENDA - POST HEARING DECISION
- PARTIES MAY NOT PARTICIPATE

CRITICAL DATES: JANUARY 15, 1996 - IMPLEMENTATION DATE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\920260.RCM

CASE BACKGROUND

This docket was initiated pursuant to Order No. 25552 to conduct a full revenue requirements analysis and to evaluate the Rate Stabilization Plan under which BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) had been operating since 1988. Hearings were rescheduled several times in an effort to address all the concerns and issues that arose with the five consolidated proceedings over the ensuing two and a half years.

On January 5, 1994, a Stipulation and Agreement Between Office of Public Counsel (OPC) and Southern Bell was submitted. On January 12, 1994, Southern Bell filed an Implementation Agreement for Portions of the Unspecified Rate Reductions in Stipulation and Agreement Between OPC and Southern Bell. Other parties filed motions in support of the Stipulation and Implementation Agreement. The Commission voted to approve the terms of the settlement at the January 18, 1994 agenda conference (Order No. PSC-94-0172-FOF-TL). The terms require, among other things, that rate reductions be made to certain Southern Bell services. Some of the reductions have already been implemented. Other reductions are scheduled to occur according to the following time table:

DOCUMENT NUMBER-DATE

12832 DEC 20 95

FPSC-RECORDS/REPORTING

Docket No. 920260-TL
December 20, 1995

17/1/94 (completed)	* Switched access reductions - \$50 million, * - \$10 million (specified below) - Reduced mobile interconnection usage rates - Eliminated Billed Number Screening charge - Reduced DID trunk termination rates
10/1/95	* Switched access reductions - \$55 million * Unspecified rate reductions - \$25 million
10/1/96	* Switched access reductions - \$35 million * Unspecified rate reductions - \$48 million

According to the terms of the Stipulation and Implementation Agreement, approximately four months before the scheduled effective dates of the unspecified rate reductions, Southern Bell will file its proposals for the required revenue reductions. Interested parties may also file proposals at that time. Parties who have already received or are scheduled to receive rate reductions for the services to which they subscribe, are generally precluded from taking positions that would benefit themselves.

On May 15, 1995, Southern Bell filed a tariff proposal to introduce Expanded Calling Service (ECS) to satisfy the unspecified 1995 outstanding \$25 million revenue reduction in accordance with the Stipulation. CWA and McCaw also filed proposals.

A hearing was held on July 31, 1995 to consider how best to implement the \$25 million revenue reduction. Order No. PSC-95-1391-FOF-TL issued November 8, 1995 approved Southern Bell's Extended Calling Service plan detailed in its May 15, 1995 filing, as supplemented by the additional 36 one-way routes, to become effective January 1, 1996.

Southern Bell filed a Petition to Modify the January 1, 1996 effective date to December 18, 1995 and stagger the dialing conversion from 1+ ten-digits to either 7-digit (intra NPA) or 10-digits (inter NPA). The December 18 date was changed to January 15, 1996, since it was the next available billing date following the year-end activities (which was approved at the December 19, 1995 Agenda Conference). This recommendation addresses Southern Bell's petition as it relates to the dialing conversion.

DISCUSSION OF ISSUES

ISSUE 1: Should Southern Bell's Petition to stagger the conversion of the dialing pattern from 1+ 10-digits to 7-digits on intra NPA and 10-digits on inter NPA, be approved?

RECOMMENDATION: Yes. Southern Bell's Petition should be approved. The Company should be required to issue the bill stuffers and media releases as discussed in the staff analysis.

STAFF ANALYSIS: By Order No. PSC-95-1391-FOF-TL issued November 8, 1995, the Commission approved Southern Bell's request to implement the Extended Calling Service (ECS) plan on 284 one-way routes, effective January 1, 1996. On December 19, 1995, the Commission approved Southern Bell's Petition for Modification of the effective date to January 15, 1996 because of year-end activities.

The petition also seeks approval of a staggered schedule to implement the conversion of the dialing pattern from 1+ 10-digits, to 7-digit on intra NPA and to 10-digit on inter NPA. Because of the large number of customer lines on the 284 ECS one-way routes, it will be physically impossible for Southern Bell to convert all the lines at one time, from the current 1+ 10-digit dialing to either 7-digit dialing on intra NPA calling or 10-digit dialing on inter NPA calling. The Company is proposing approximately a three-month window, until April 15, 1996, to accomplish this cutover. The anticipated conversion date for each of the ECS routes is being revised and will be available on or before January 3, 1996. **Beginning January 15, 1996 all ECS calls will be billed at the new charges, i.e., \$.25 per message for residences and \$.10 for the first minute and \$.06 per additional minute for businesses.** During the window period, converted NXXs will be dialed using 7-digits (intra NPA) and 10-digits (inter NPA). For NXXs which are not converted, the caller will be advised by a recording to continue 1+ 10-digit dialing, and the call will be charged at the new rates.

Southern Bell believes this permissive window will allow sufficient time for the conversions and for customers to adjust to the new dialing plans. Staff agrees. Once all customer lines are converted to 7-digit or 10-digit dialing and the window closes, it will be mandatory that intra NPA calls be dialed on a 7-digit basis and inter NPA calls on a 10-digit basis. At that time, customers attempting 1+ 10-digit dialing will be advised by recording that the call can be completed within an area code (NPA) by 7-digit dialing or between area codes by 10-digit dialing. This same type

Docket No. 920260-TL
December 20, 1995

situation, having a window to complete the dialing conversion, worked successfully with the implementation of the Broward/Dade ECS routes (between the Ft. Lauderdale and the North Dade and Miami exchanges, and between the Hollywood and Miami exchanges).

The Company should be required to issue bill stuffers and media releases about the conversion, prior to the January 15, 1996 effective date, so customers in the affected areas will be aware of the dialing arrangements during the three-month period.

Staff believes the approximate three-month window (until April 15, 1996) for conversion of the dialing patterns should be approved.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open to continue to implement the agreement approved by the Commission in Order No. PSC-94-0172-FOF-TL.

STAFF ANALYSIS: This docket should remain open to continue to implement the agreement approved in Order No. PSC-94-0172-FOF-TL.