

FLORIDA PUBLIC SERVICE COMMISSION  
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M E M O R A N D U M

September 4, 1996

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

FROM: DIVISION OF COMMUNICATIONS (NORTON) *nk*  
DIVISION OF LEGAL SERVICES (BROWN) *MCB*

RE: DOCKET NO. 920260-TL - BELLSOUTH, INC. - COMPREHENSIVE  
REVIEW OF THE REVENUE REQUIREMENTS AND RATE STABILIZATION  
PLAN OF SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY -  
REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY  
PARTICIPATE

AGENDA: SEPTEMBER 16, 1996

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\920260TL.RCM

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CASE BACKGROUND

Order No. PSC-94-0172-FOF-TL, issued February 11, 1994 in this docket, approved a Stipulation and Implementation Agreement between BellSouth (BST) and the parties to the proceedings. Among other things, the stipulation provided for various rate reductions to be implemented over a three year period. Some of the rate reductions were targeted at specific services and others specified only the dollar amounts, with proposals by interested parties to be submitted to dispose of the designated amounts for each year, 1994 through 1996. Under the revisions to Chapter 364, F.S., the Commission retains the jurisdiction to implement and enforce the terms and provisions of Order No. PSC-94-0172-FOF-TL. (Section 364.385(3), F.S.)

The order required reductions to BST's switched access charges each year for three years beginning 1994 until the Company's intrastate switched access charges were at parity with the interstate rates in effect on January 11, 1994. This has required revenue reductions of the following amounts:

1994:	\$50 million
1995:	\$55 million
1996:	\$40 million

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The required rate reductions are scheduled to go into effect each year on October 1. BST submitted its 1996 filing to reduce switched access rates which was suspended at the July 30 agenda. This recommendation addresses a follow-up issue raised at that agenda.

### DISCUSSION OF ISSUES

**ISSUE 1:** Should BST's tariff reducing switched access rates by \$40 million, which was suspended at the July 30 agenda, be approved on an interim basis, pending the Commission's final decision in this proceeding?

**RECOMMENDATION:** Yes, BST's suspended tariff should be approved on an interim basis, effective October 1, 1996, and should remain in effect until the Commission's final decision in this proceeding. Any changes to the switched access rates should be made on a going forward basis. No refunds or credit mechanisms will be necessary.

**STAFF ANALYSIS:** At the July 30 agenda, the Commission suspended BST's tariff filing reducing its switched access rates by \$40 million. The reason for the suspension was to allow the Commission to consider the switched access reductions in the context of the total reductions scheduled to be made this year. The Florida Interexchange Carriers Association (FIXCA) had requested that the tariff not be suspended so that IXCs could receive the immediate benefit of the rate reductions rather than wait until after the Commission's final decision, due to be made in December. During the discussion at the agenda, the Commission became concerned that if it approved the tariff, even on an interim basis, once that approval was granted, its flexibility to review and modify the switched access reductions following the hearings would be limited. The Commission therefore instructed staff to meet with the parties to determine whether the tariff could go into effect subject to later modification, if the Commission saw fit to do so.

Staff has discussed this matter with the parties participating at the agenda conference. The parties (FIXCA, BST, and OPC) have agreed that the Commission has the authority to modify the switched access rates when it makes its final decision after the hearings in October. The parties have also agreed that any changes to the switched access rates may be made on a going forward basis. Thus no refunds or credit mechanisms would be necessary. Staff agrees with this consensus and recommends that the BST's tariff reducing its Carrier Common Line switched access rates by \$40 million be approved effective October 1, 1996.

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**ISSUE 2:** Should this docket remain open?

**RECOMMENDATION:** Yes, this docket should remain open pending resolution of the remaining issues.

**STAFF ANALYSIS:** This docket should remain open pending resolution and disposition of the remaining issues and requirements as contained in the Stipulation and Order No. PSC-94-0172-FOF-TL.