



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-

DATE: NOVEMBER 5, 1998

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

FROM: DIVISION OF LEGAL SERVICES (B. KEATING) *BKC mcb*
DIVISION OF COMMUNICATIONS (BARRETT) *mcb RTA*

RE: DOCKET NO. 981361-TL - TARIFF FILING TO ELIMINATE THE END USER CREDIT FOR EACH SUBSCRIBER LINE CHARGE FOR DIGITAL CENTREX SERVICE BY ALLTEL FLORIDA, INC. (T-98-1206, FILED 8/18/98)

AGENDA: 11/17/98 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: COMPANY REQUESTED 11/17/98 EFFECTIVE DATE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\981361.RCM

CASE BACKGROUND

On August 18, 1998 ALLTEL Florida, Inc. (ALLTEL or the Company), a rate base regulated company, filed a tariff revision to change the manner by which it assesses the Subscriber Line Charge (SLC) for digital Centrex service. SLC charges are reported to the National Exchange Carriers Association (NECA) on a per line basis. ALLTEL's current practice for determining SLC utilizes an equivalency based on Network Access Registers (NARs). A NAR can be thought of as a virtual trunk, as compared to an actual trunk. In billing on the basis of the NARs, ALLTEL is, in effect, issuing a credit to its digital Centrex customers and with this tariff filing seeks to discontinue this practice. In seeking to discontinue this practice, the Company is attempting to balance its SLC receipts with its SLC payments to the NECA.

DOCUMENT

12437 NOV-3-98

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should ALLTEL's tariff filing to remove the end-user credit for subscriber line charges (SLC) for digital Centrex lines be approved effective November 17, 1998?

RECOMMENDATION: Yes. ALLTEL's proposed tariff filing to remove the end-user credit for subscriber line charges (SLC) for digital Centrex lines should be approved effective November 17, 1998.
(BARRETT)

STAFF ANALYSIS: On August 18, 1998, ALLTEL filed a tariff revision to change the manner by which it assesses SLC charges for its digital Centrex customers (see Attachment A). At the present time, ALLTEL assesses its Centrex end users on the basis of Network Access Registers, or NARs, as opposed to a per station line basis. A NAR is considered a "virtual trunk line," in contrast to an actual trunk line. In billing on the basis of NARs, ALLTEL has, in effect, been issuing a credit based on the difference between the "virtual" and actual trunk lines. ALLTEL's current practice of billing end users on the NARs basis was implemented on December 28, 1992 per Order No. PSC-92-1495-FOF-TL. This tariff filing seeks to discontinue this practice.

From a historical perspective, Centrex service was initially marketed by most local exchange companies as a competitive alternative to Private Branch Exchange (PBX) services. ALLTEL states, however, that its Centrex service was introduced as a flagship product, and not necessarily as a competitive product with PBX, though it became one as its market penetration increased. In a Centrex system, the NAR limits the number of simultaneous conversations to and from the system. The NARs basis is typically a numerical reflection of the limits of a given Centrex or PBX arrangement. SLC charges for PBX services are levied on a per trunk basis. The equivalency structure used in calculating the SLC charges for Centrex was developed to make the service more competitively priced with PBX. Since those early days, ALLTEL states that it has seen rapid growth in subscription to its Centrex service. The credit is no longer needed for Centrex service to be competitive with PBX, and thus, the Company seeks to remove the credit.

ALLTEL has projected that the revenue impact of this action will be a net annual increase of \$267,000. This will raise ALLTEL's return on equity to 11.31%, an increase of 0.45%,

assuming no incremental expense. ALLTEL's current range is 10.5% - 12.5%. Staff has reviewed the revenue impact study provided by ALLTEL, and we find the estimate to be reasonable.

Staff recommends that ALLTEL's proposed tariff filing to remove the end-user credit for subscriber line charges (SLC) for digital Centrex lines should be approved effective November 17, 1998.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If the Commission approves staff's recommendation in Issue 1, this tariff shall become effective on November 17, 1998. If a protest is filed within 21 days from the issuance date of the Order, the tariff should remain in effect pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed. **(B.KEATING)**

STAFF ANALYSIS: If the Commission approves staff's recommendation in Issue 1, this tariff shall become effective on November 17, 1998. If a protest is filed within 21 days from the issuance date of the Order, the tariff should remain in effect pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed.



ALTEL Florida Inc.
206 White Avenue, S. E. • P. O. Box 550 • Live Oak, Florida 32060
(904) 364-2400

September 14, 1998

Mr. Walter D'Haeseleer
Director, Communications Department
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: ALTEL Florida, Inc. - Tariff Filing

Dear Mr. D'Haeseleer:

On August 18, 1998, ALTEL Florida, Inc. filed tariff sheets which have been identified as T-98-1206. The purpose of this letter is to advise you that ALTEL would agree to waive implementation of that tariff as permitted by Section 26-4.214 of the PSC Rules beyond the original thirty (30) day file and suspend period.

Should you have any questions with regard to this, please do not hesitate to call me at 904-364-2517.

Sincerely,

A handwritten signature in cursive script that reads "Harriet Eudy".

Harriet Eudy
Regulatory
Manager

HE/he

cc: Larry Whipkey
Michael Barrett
Rich Brashear

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SEP 10 1998

CMU



ALLTEL Florida Inc.
206 White Avenue, S. E. • P. O. Box 550 • Live Oak, Florida 32060
(904) 364-2400

98 AUG 21 AM 7:37
MAIL ROOM

August 18, 1998

Mr. Walter D'Haeseleer
Director, Communications Department
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

T-981206

Dear Mr. D'Haeseleer:

Attached please find four (4) copies of a tariff revision, three (3) copies plus one (1) in legislative format, with an issue date of August 19, 1998. The revised page that is attached is as follows:

| <u>Section</u> | <u>Description</u> | <u>Page</u> | <u>Revision</u> |
|----------------|--|-------------|-----------------|
| 12 | Central Office Non-Transport Service Offerings | 29 | Seventh |

With this tariff revision, ALLTEL Florida will no longer issue a credit to the end user for each federal Subscriber Line Charge (SLC) per ALLTEL Digital Centrex line. ALLTEL Florida has been issuing a credit to the customer and paying NECA the multi-line business charge of \$6.00 per line. The Centrex customer was only paying a SLC per NARS. The customers will now pay a SLC per ADC line. This tariff revision will increase ALLTEL Florida's annual local revenues by approximately \$267,000.

ALLTEL Florida, Inc. respectfully requests that this revision be approved and effective on September 21, 1998.

Should you have any questions concerning this filing, please call Mike Gately at (501) 905-8271 or Harriet Eudy at (904) 364-2517.

Sincerely,


Richard H. Brashear
President

RHB:HE:sh

Attachment

cc: Mike Gately
Harriet Eudy

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AUG 21 1998

CWU

ALLTEL Florida, Inc.

ISSUED: August 19, 1998
 BY: President, Richard H. Brashear
 Live Oak, Florida

EFFECTIVE September 21, 1998

CENTRAL OFFICE NON-TRANSPORT SERVICE OFFERINGS

12.1 ALLTEL DIGITAL CENTREX (ADC) (Continued)

12.1.7 RATES AND CHARGES (Continued)

c. ADC (Continued)

(2) Optional Services (Continued)

| | | Current Rates | | | | |
|-----|---|---------------|-------|-------|-------|-------|
| | | Min | Max | Month | 36 | 60 |
| | | Rate | Rate | to | Month | Month |
| | | | | Month | Rate | Rate |
| | | | | Rate | | |
| (e) | Call Back Queuing per NARS | 2.35 | 4.00 | 4.00 | 4.00 | 4.00 |
| (f) | Business Set Line Card, per line equipped with Feature Package II | 73 | 1.50 | 1.50 | 1.50 | 1.50 |
| (g) | Music On Hold | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| (h) | Enhanced Custom Calling Services (ALLST*R Service) | | | | | |
| | (1) Caller ID, per line | | | | 3.00 | |
| | (2) ALLST*R Feature Package I*, per line | | | | 8.00 | |
| | (3) Call Tracing, per line | | | | 3.00 | |

d. Service charges as specified in Section 4 of this Tariff apply to ADC installations, customer requested moves, changes and rearrangements performed by the Company.

e. A Secondary Service Order charge per request, and a Central Office Work charge per line apply, as specified in Section 4, when ADC is added to existing exchange service lines, or when features are changed or added on existing exchange lines equipped with ADC.

f. A federal multi-line Subscriber Line Charge (SLC) will apply to each ADC line.

(C)

*ALLST*R Feature Package I = Call Return, Repeat Dialing, Preferred Call Forwarding, Selective Call Accept and Call Selector.