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January 13, 1999

Blanca Bayo
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

990043-TP

In re: Petition to Review and to Cancel Promotional
Tariff of BellSouth Telecommunications

Dear Ms. Bayo:

Please find enclosed an original and ten copies of the Petition to Review and to Cancel
Promotional Tariff of BellSouth Telecommunications, by Arrow Communications, Inc.

Please call me if you have any questions.

Sincerely,



David B. Erwin

DBE:jm
Enclosure

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to Review)
and to Cancel Promotional Tariff)
of BellSouth Telecommunications)
_____)

Docket No.

Filed: January 13, 1999

PETITION TO REVIEW AND TO
CANCEL PROMOTIONAL TARIFF

Arrow Communications, Inc., d/b/a ACI, through its undersigned attorney petitions the Commission to Review the Promotional Tariff of BellSouth Telecommunications, Inc. (hereinafter BellSouth), filed December 30, 1998, to become effective January 14, 1999, (T-98-1783) and to cancel said tariff forthwith.

In support of its petition, ACI states as follows:

1. ACI is a certificated ALEC, with Certificate No. 4468, issued by the Commission, and as such, ACI is a substantially affected competitor of BellSouth, and, as such, has standing to protest the objectionable tariff filing of BellSouth.

The petitioner's name, address and telephone number is:

Arrow Communications, Inc. d/b/a ACI
16001 S. W. Market Street
Indiantown, Florida 34956
Telephone: 561.597.3113
Fax: 561.597.2115
President: Robert M. Post, Jr.

The petitioner's representative's name, address and telephone number is:

David B. Erwin
127 Riversink Road
Crawfordville, Florida 32327
Telephone: 850.926.9331
Fax: 850.926.8448

2. The tariff filing of BellSouth is objectionable on various factual and legal grounds, as hereinafter set forth, because of the inducements offered by the promotion, the circumstances under which the inducements are offered and the persons to whom they are made available. BellSouth intends to lure BellSouth's competitors' small business customers away from those competitors and back to BellSouth by giving those small business customers free service for three months in return for an 18 month commitment to be a customer of BellSouth once again.

a. The promotional scheme of BellSouth embodied in its proposed tariff is objectionable because it violates Section 364.08(1), Florida Statutes. The tariff extends lower rates to one segment of small business customers that are indistinguishable from all other small business customers during the effective period of the lower rates. The only distinguishing factor between the two groups of small business customers is the carrier with which each customer was doing business before the effectiveness of the lower rate. Section 364.08(1), F. S., prohibits extending to any person any contractual advantage not regularly extended to all persons under like circumstances for the same or substantially similar service, and BellSouth is extending such an advantage to selected small business customers.

b. The promotional scheme of BellSouth embodied in its proposed tariff is objectionable because it violates Section 364.08(2), F. S., by giving free or reduced service. The service is free for three months to returning selected small business customers, or, if the free service is averaged with the cost of service for the 18 month term of commitment, the service is at a reduced rate (at least 16.6% of the regularly tariffed rate).

c. The promotional scheme of BellSouth embodied in its proposed tariff is objectionable because it violates Sections 364.09, F. S., in the same manner described in the two previous paragraphs, by charging special rates to one group of small business customers when that group is indistinguishable from any other group of small business customers. All such customers receive the same or substantially similar service, but one group, over an eighteen month period will receive service at a rate that is at least 16.6% lower.

d. The fact that BellSouth can charge rates to one group of small business customers that are 16.6% lower than its regular retail rates calls into question the sufficiency of the avoidable costs that BellSouth has alleged as the basis for reducing its retail rates by 16.81% to resellers. If BellSouth can make do with revenue from a number of small business customers that is reduced by at least 16.6%, then perhaps BellSouth needs less revenue from its small business customers and/or BellSouth's wholesale rate to resellers should have a greater percentage reduction than the 16.81% currently approved by the Commission.

e. The promotional scheme of BellSouth embodied in its proposed tariff is objectionable because it is anticompetitive. Under the current resale environment, resellers can compete with BellSouth on the basis of price. Resellers of business service can obtain service from BellSouth at a 16.81% discount and then offer service to customers at a rate that is less than BellSouth's retail rate. Under BellSouth's promotional scheme, however, the reseller's ability to compete will evaporate. Under that scheme BellSouth can offer the competitor's customer rates for 18 months that are virtually the same as the competitor's rates, and may well be lower, since the competitor can not pass on the entire BellSouth discount and cover costs and provide a profit margin.

WHEREFORE and in consideration of the above, Arrow Communications, Inc. d/b/a ACI, respectfully requests the Commission to review the promotional tariff filing of BellSouth Telecommunications, Inc., referenced herein, and cancel said tariff, if the allegations herein are determined to be meritorious.

Respectfully submitted,



David B. Erwin

CERTIFICATE OF SERVICE

I hereby certify that a copy of this Petition for Arrow Communications, Inc. was hand delivered to the party indicated below, this 13th day of January, 1999.



David B. Erwin

Nancy White, c/o Nancy Sims
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301