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August 30, 2001

Mrs. Bianca S. Bayo, Director
Division of Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

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01 AUG 30 PM 3:57
COMMISSION
CLERK

Dear Mrs. Bayo:

RE: Docket No. 010774-TP

Pursuant to the Notice of Proposed Rule Development issued July 2, 2001, please find enclosed AT&T's Responses to the Staff's Requests in the above-referenced proceeding.

Thank you and please contact the undersigned if there are any questions regarding this matter.

Sincerely,

James P. Lamoureux

Enclosures

- APP
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DOCUMENT NUMBER DATE

10828 AUG 30 2001

FPSC-COMMISSION CLERK

Handwritten: Done 8/31/01

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of the Citizens of the)
State of Florida to Initiate Rulemaking)
Which will require Telephone Companies)
To give customers reasonable notice before) Docket No. 010774-TP
Customers incur higher charges or change)
In services, and allow them to evaluate) Filed: August 30, 2001
Offers for service from competing)
Alternative providers)
_____)

**AT&T'S RESPONSES TO
STAFF'S PRE-WORKSHOP QUESTIONS**

1. What is the problem that this rule is intended to correct?

RESPONSE: Since AT&T did not initiate this rulemaking proceeding, AT&T cannot say whether there is a problem or what that problem might be. AT&T presumes that the proposed rule is intended to provide consumers with additional information. AT&T is unaware, however, of any problem concerning consumer information which necessitates the proposed rule. Moreover, imposing additional burdens on carriers may result in increased costs to consumers.

2. Does this rule accomplish what it is intended to accomplish?

RESPONSE: Because AT&T did not initiate this rulemaking proceeding, AT&T cannot say what the intent underlying the rule might be and thus whether the rule accomplishes that intent. However, it is clear to AT&T that the proposed rule is overly burdensome as drafted and may not be possible to implement. If adopted as drafted the proposed rule could increase consumer prices, which clearly is not the purpose of the rule.

3. Are there any other Commission rules that already address the problems this rule is intended to address?

RESPONSE: AT&T is unaware of any other Commission rules that specifically address the scope of the proposed rule.

4. Are there any other laws (i.e. federal rules, statutes, etc.), which already address the problems this rule is intended to address?

DOCUMENT NUMBER - DATE

10828 AUG 30 2001

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RESPONSE: AT&T is unaware of any other laws that specifically address the scope of the proposed rule, *i.e.*, requiring advance direct notice to customers of in-state rate changes.

5. What are the costs involved if this rule is adopted?

RESPONSE : The rule would impose substantial direct and indirect costs. While AT&T has not calculated a total cost associated with the proposed rule, AT&T believes that the total cost of implementing the rule would be burdensome and prohibitive. The cost could be up to \$1.00 or more per incident, which would be multiplied by the total number of customers, and the number of notices required. The total cost of such a requirement for a carrier such as AT&T could easily run into the millions of dollars per year. This is due to the high costs involved in providing customer notice as stated above. If a rule is adopted, it should allow for the possibility of such notice mechanisms.

Additionally, it is extremely difficult to make arrangements for customer notice with the smaller ILEC companies with which AT&T deals. The process is extremely burdensome, extremely costly, and not in AT&T's control. In many cases the smaller ILECs have the customer billing information and control the time frame in which billing is accomplished. The use of tombstone advertisements is extremely beneficial (from a cost and process perspective) for these customers. If this Commission rules against the use of tombstone advertisements, AT&T would request a "best effort ruling," in which AT&T is relieved of financial liability should smaller ILECs not implement notification in a timely manner.

Lastly, should the Commission adopt the proposed rule, AT&T would prefer that customer notice requirements be limited to 1+ customers only and should not apply to rate changes affecting collect, directory assistance, and calling card transactions.

6. Are there other noticing mechanisms that would accomplish the same goal at less cost?

RESPONSE : Although AT&T would prefer not to be *required* to provide notice for rate increases or decreases, the option of a tombstone advertisement is most preferable if such a requirement is imposed. Moreover, AT&T would like to maintain flexibility in customer notice requirements and continues to look at alternative options, including e-mail, bill message, postcards or other reasonable channels of communication.

7. Are companies already providing notice to customers in regard to changes in rates? If so, how?

RESPONSE: AT&T Broadband provided a customer notice to its Florida customers of a price increase in May of this year, which took effect in July. This was provided via a bill message to all affected customers. Additionally, AT&T recently provided individual customer notification to all long distance customers for the in-state cost recovery fee. Moreover, for every rate change, notice is provided by means of revisions to AT&T's tariffs and price lists on file with the Commission.

8. Should customers be notified of a rate decrease?

RESPONSE: No. In a competitive market, customer notification should not be mandatory. This is not a regulatory issue, but a marketing issue. Due to the exorbitant costs associated with any type of direct customer notification, AT&T would prefer to have flexibility with regard to how and when it provides customers with notice on rate increases and decreases.

9. How many complaints has your company received from customers when rates are changed without notice?

RESPONSE : This information cannot be provided at this time. Currently, AT&T does not track customer complaints in this manner.

10. What changes in "terms and conditions" should be subject to the noticing requirement?

RESPONSE: None. However, if a rule is adopted, its focus should be limited to price increase changes in terms and conditions.

11. Does "customer" include wholesale customers?

RESPONSE: No. AT&T's wholesale customers receive service through contracts with AT&T, which may or may not contain notice provisions.

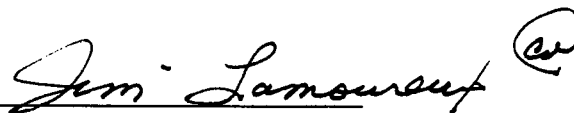
12. What is meant by "cost of service" and why is that phrase used when the rest of the rule refers to a "price increase"?

RESPONSE: AT&T cannot answer this question since it did not draft the proposed rule.

13. Should companies be required to provide a copy of their notices to the Commission?

RESPONSE: No. Requiring Commission or Staff review of notices would add yet another layer of delay and cost associated with any proposed rule.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jim Lamoureux" followed by a circled monogram "JL".

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August 30, 2001