

State of Florida



## Public Service Commission

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**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** April 10, 2008

**TO:** Office of Commission Clerk (Cole)

**FROM:** Division of Competitive Markets & Enforcement (Barrett)  
Office of the General Counsel (Tan)

**RE:** Docket No. 080108-TL – Petition to permit use of federal subscriber line charge to identify interstate end user charge on customers' bills by BellSouth Telecommunications, Inc. d/b/a AT&T Florida.

**AGENDA:** 04/22/08 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

**FILE NAME AND LOCATION:** S:\PSC\CMP\WP\080108.RCM.DOC

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### Case Background

On February 21, 2008, BellSouth Telecommunications, Inc. d/b/a AT&T Florida (AT&T or the Company) filed its Petition To Permit Use of “Federal Subscriber Line Charge” To Identify the Interstate End User Charge On Customers’ Bills (Petition). The charge itself is not new and is not changing; it is currently identified on Florida bills as the “FCC Authorized Charge For Network Access.” The impetus for this action is to use consistent labeling in bills across all states in the corporate footprint.

The interstate end user charge was created in the 1980s and was designed to recover from end users a portion of the common line costs assigned to the interstate jurisdiction. The charge

was developed to compensate local exchange companies (LECs) for a portion of the costs of their local facilities.

In Order No. 12765, issued on December 9, 1983, in Docket No. 820537-TP, the Florida Public Service Commission (Commission) stated

. . . that all bills to customers shall reflect . . . [this] charge as a separate line item to be identified as “FCC charge for interstate toll access” . . . Customers should be informed on their bills what the FCC charge is for and by whom it is imposed . . . (Order at 27)

In Order No. 13476, issued on July 3, 1984, in Docket No. 820537-TP, the Commission allowed the LECs a measure of latitude to identify this charge in a variety of ways.<sup>1</sup> Specifically, the following alternatives were authorized:

- FCC interstate toll access charge
- FCC interstate l(ong) d(istance) access charge
- FCC/toll access.

In Order No. PSC-04-1035-CO-TL, issued on October 25, 2004, in Docket No. 040714-TL, the Commission authorized the Company to use the phrase “FCC authorized charge for network access.” The instant Petition seeks to change this phrase again so that AT&T can use consistent labeling in bills across all states in the corporate footprint.

The Commission is vested with jurisdiction over this matter pursuant to Chapter 364, Florida Statutes.

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<sup>1</sup> Prior to the issuance of this order, one LEC expressed concerns that the space on its bill would not accommodate the verbiage authorized in Order No. 12765. (See Order No. 13476, p. 1)

### **Discussion of Issues**

**Issue 1:** Should the Commission approve AT&T's Petition to change the text on customer bills that identifies the interstate end user charge?

**Recommendation:** Yes. The Commission should approve AT&T's Petition, and permit it to use "Federal Subscriber Line Charge" to identify the interstate end user charge on customers' bills. (Barrett)

**Staff Analysis:** AT&T seeks to use the caption "Federal Subscriber Line Charge" in place of "FCC Authorized Charge for Network Access" to identify an assessment that every subscriber pays, the interstate end user charge. The Company asserts that:

- It uses or has the authorization to use "Federal Subscriber Line Charge" on its bills in all states other than Florida.
- Many telecommunications service providers in Florida and across the nation use the term "Federal Subscriber Line Charge" in bills to identify the interstate end user charge. Because subscribers have a level of familiarity with the term, customer confusion should be reduced when residents who have had service from other providers see that charge on their AT&T bills in Florida.
- AT&T customer service representatives currently address questions about the same charge because the charge itself is worded differently for different states. The Company seeks to change this. Without the Commission's authorization to move forward in this regard, the utility would incur information technology and training costs to support today's "Florida-only" wording in bills.<sup>2</sup>
- Using the term "Federal Subscriber Line Charge" will enable it to operate more efficiently. Not only will a common label be applicable throughout a multi-state region, the Company maintains that "currently unidentifiable costs to maintain different wording" will be eliminated.
- Pending approval, a bill message would notify subscribers about the name change. In order to insert such a notice, the Company states that it may incur an increased paper, printing, and postage expense for that month's bill, but that such a charge will not be passed on to end users in Florida since this streamlining initiative is region-wide. The "ballpark" estimate for this added expense is \$.01/ per Florida consumer.
- The proposed wording change still fulfills the purpose set forth in the underlying Orders, which was to inform customers about the interstate end user charge.

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<sup>2</sup> If its Petition is approved, AT&T states there would be no incremental training cost since the verbiage for Florida would be the same as for other states. However, costs would be incurred otherwise. AT&T estimates the information technology cost to develop and implement unique wording for Florida is \$7,000. The initial administrative cost for training service representatives is estimated at \$16,000, and since the need for this training is ongoing, the continuing expense is estimated to be \$22,000 per year.

As noted previously, the interstate end user charge is not a “new” charge, and the instant Petition in no way impacts the assessment of this charge, which is currently \$6.50 per month for AT&T’s single-line residential customers in Florida. The instant Petition is somewhat similar to ones that other LECs in Florida have filed at different times over the past few years. Historically, the Commission has allowed the changes for various reasons.<sup>3</sup>

In 2004, the Company sought to change the wording on bills to “alleviate concerns that customers believe the charge is either required by the FCC or is actually remitted to the FCC.” (See Order No. PSC-04-1035-CO-TL, issued on October 25, 2004, in Docket No. 040714-TL) The word “authorized” was added to the existing text so that this charge on Florida bills became “FCC Authorized Charge For Network Access.”

AT&T intends to use consistent labeling across all states in the corporate footprint by using “Federal Subscriber Line Charge” in its bills. Although the proposed change is a departure from today’s text, staff believes the proposed label is arguably the most commonly used one in the industry.<sup>4</sup> Based on experience handling customer complaints, staff believes that most consumers are concerned about the amount of a charge, rather than the name attached to the charge. As noted above, the amount of this charge is not changing, and the proposed name change is one that staff believes is widely known and used by other carriers.

Because the change initiative is regional in scope, AT&T states that it will incur costs to “move forward” regardless of Florida’s participation. However, if a “Florida-only” description is developed and maintained apart from the multi-state effort, AT&T would incur fixed and continuing expenses. Specifically, the Company estimates that:

- The development (\$16,000) and information technology (\$7,000) costs for “Florida only” training materials are \$23,000.
- Thereafter, the ongoing expense to maintain these materials would be \$22,000 annually.

Staff notes that these cost estimates are provided for context only, and may only become applicable if the Commission did not approve AT&T’s Petition. If the Petition is approved, the Company would incur an expense to prepare the bill message that would inform its subscribers about this change; however, AT&T has stated that this expense will not be passed on to Florida subscribers.<sup>5</sup>

Staff believes the underlying Orders set forth two requirements, to separately identify this charge via a line-item entry, and to inform subscribers what the bill is for “and by whom it is

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<sup>3</sup> See Commission Orders: PSC-93-0154-FOF-TL (United Telephone Company of Florida), PSC-93-0445-FOF-TL (Central Telephone Company of Florida), and PSC-93-0583-FOF-TL (GTE Florida, Incorporated).

<sup>4</sup> Based on a keyword search on <http://www.google.com>, “Federal Subscriber Line Charge” turned up numerous informational links, the first of which is the FCC’s web resource about the interstate end user charge. (See <http://www.fcc.gov/cgb/telephone.html>) Staff believes this demonstrates that this term is widely known and used by many carriers. A similar query of “FCC Authorized Charge for Network Access” yielded a more narrow result.

<sup>5</sup> The Company is currently developing the materials to explain the formatting changes that are planned for its bills as the result of another docket. (See PSC-08-0033-CO-TL, issued January 9, 2008, in Docket No. 070370-TL) Pending approval in this matter, AT&T has informed staff of its intent to include this information into those materials, which would eliminate the potential expense of a separate bill message for this text change.

imposed.” (Order 12765 at 27, 35) Staff believes the requested change identified in AT&T’s Petition fulfills both. In addition, staff believes the Commission would be serving the interests of Florida consumers by promoting efficiency and cost savings. Pending approval, staff believes the Company’s stated objective of enhanced efficiency will be achieved.

Finally, staff notes that the Commission’s decision in this matter is a Proposed Agency Action (PAA), which provides a point of entry for an interested person. Therefore, a person whose substantial interests are affected by the order would have 21 days from the date the order is issued to “protest” the Commission’s PAA order.

### Conclusion

Staff believes the Commission should approve AT&T’s Petition, and permit it to use “Federal Subscriber Line Charge” to identify the interstate end user charge on customers’ bills.

**Issue 2:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Tan)

**Staff Analysis:** At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.