BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Restructure and repricing of intraLATA Foreign Exchange Service for local exchange telephone companies.	DOCKET NO. 910612-TL ORDER NO. 25521 ISSUED: 12/23/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
MICHAEL McK. WILSON

ORDER APPROVING FOREIGN EXCHANGE TARIFFS
FOR SEVERAL LOCAL EXCHANGE COMPANIES

BY THE COMMISSION:

This Commission approved the restructure and repricing of intraLATA Foreign Exchange service for Southern Bell Telephone and Telegraph Company (Southern Bell) and United Telephone Company of Florida (United) by Order No. 24850, issued July 25, 1991. By that Order, we approved the first phase which restructured and repriced the dedicated portion of Foreign Exchange (FX) and Foreign Central Office (FCO) services to the same structure and rates approved in the Private Line Restructure dealt with in Docket No. 890505-TL. This restructure and repricing eliminated disparities which existed between the Private Line Service Tariff and the dedicated portion of the FX and FCO Service Tariffs.

We believe that the restructure will reduce customer confusion between the tariffs and that it will greatly simplify the administration of the offerings. Additionally, with the restructure of the dedicated portion of Foreign Exchange (FX) service, meet point billing between local exchange companies (LECs) can be accomplished, thereby facilitating the elimination of the private line pool.

We also required, by Order No. 24850, all remaining Florida (LECs) to file revisions of their FX tariffs to reflect proposed changes in their FX service. These revisions are needed to clarify how these companies intend to implement the restructure and repricing changes since all LECs currently concur with Southern Bell's intraLATA FX services tariff.

FX service is an exchange service provided from an exchange other than the one from which a subscriber would normally be served. The basic rate structure for this service is divided into two segments, the closed and the open end. The closed end is the dedicated portion of the service from the subscriber's premises to the foreign dial tone office. The dedicated portion of the service is currently pooled with other interexchange private line revenues in the intraLATA private line pool. The open end is the dial-tone end of the FX service where network switching of calls occurs.

FX services are generally used by a customer to obtain a calling area more beneficial to specific needs, to make a local number available to customers in the foreign locality, thereby eliminating a toll charge, or to identify business with the foreign locality. FX services are also used by customers to retain the same telephone number at a new location when relocating.

The rate structure approved for the dedicated portion of FX by Order No. 24850 includes three elements. The first is the local channel element which is the charge between the subscriber's premises and the home wire center. The second element is the interoffice channel charge (IOC) which is the charge for transmission between the subscriber's normal wire center and the dial-tone central office. The third and final element is the bridging charge for each bridged local channel of a multipoint arrangement.

We approved the open end proposals of both Southern Bell and United by Order No. 25120, issued September 26, 1991. United and Southern Bell proposed similar rate structures, with some differences in rate structure due to the company's ability to provide measurement at the open end. We approved the restructure of the switched portion of Southern Bell's FX service from a flat to a usage sensitive rate structure.

GTE Florida, Inc. (GTEFL) also filed tariff revisions to restructure the open end of its intraLATA FX service. However, we denied the proposal due to the rate level and the lack of any phase-in.

In the balance of this Order, we will address the tariff filings made by the smaller LECs and GTEFL's refiled restructure tariff.

I. <u>GTE Florida, Inc.'s Tariff Filing</u>

On May 7, 1991, GTEFL filed a tariff with intraLATA FX revisions that reflected the same rate structure for the closed end of FX as Southern Bell's. The open end included originating and terminating usage charges equalling the existing Feature Group

(FG A) access rates. GTEFL proposed the full FG A access rates which included the local transport rate. GTEFL did not propose a cap on usage charges to allow customers some time to adjust their services.

For these reasons, we found GTEFL's original FX restructure proposal to be inappropriate. Although GTEFL's proposal for the closed end appeared to be appropriate, the rates proposed for the open end would have caused significant customer impact. In addition, GTEFL's revenues would have been increased by more than $9 million by that proposal. Therefore, we denied the filing, but stated that if GTEFL submitted a proposal that considered a phase-in approach, to lessen customer impact, and included the same rates and structure as United's, the tariff would receive a more favorable response.

GTEFL filed tariff revisions on in response to Order No. 25120 September 9, 1991. GTEFL's second filing includes a usage cap similar to United's with the same rates filed by United. GTEFL also indicated that, based on its usage assumptions, the filing is revenue neutral. GTEFL has again proposed rates for the closed end identical to those we approved for Southern Bell.

The major difference between GTEFL's filing and the filing approved for United is the proposed usage cap based on usage assumptions. GTEFL indicates that the assumed maximum minutes of use (MOU) used by both Southern Bell and United of 938 MOU, is more reflective of GTEFL's average usage on FX circuits. GTEFL believes that, due to the proximity of GTEFL's serving area as well as the strong community of interest between Hillsborough and Pinellas counties, the usage cap for GTEFL should be higher. Therefore, GTEFL is proposing a usage cap of 1200 MOU instead of the 938 MOU.

The proposed cap would result in rates of $67.00 for outward usage and $58.00 for inward usage. This will result in a total capped charge of $125.00 for GTEFL for the open end. Southern Bell's maximum open end charge is $108.00 and United's is $97.50. In locations where the Company is unable to measure inward traffic, GTEFL proposes to charge $45.00. This is the same rate we approved for Southern Bell.

With GTEFL's revised rate proposals, the Company's revenue impact has been reduced substantially. The Company's original projection was a revenue increase of over $9 million. GTEFL's current proposal is as follows:

	Closed End	Open End	Total
Current Tariff	$11,080,731	$3,399,028	$14,479,759
Proposed Tariff	$ 6,934,081	$7,554,038	$14,488,119
Impact	($4,146,650)	$4,115,010	$ 8,360

This calculation is based on GTEFL's assumption of 938 average MOU as opposed to the 686 average MOU used by Southern Bell to determine revenue impact. We believe that the demand characteristics in GTEFL's serving area are different than those in Southern Bell's serving area.

The customer impact to GTEFL's customers should be minimal for the first two years. The impact is difficult to measure due to the measurement factor on the open end. GTEFL proposes to cap the usage at the same 1200 MOU for originating and terminating traffic. The usage cap will last two years. With the cap, the customer impacts are comparable with the ones projected by Southern Bell. The typical customer would experience a projected increase in charges of approximately 29% during the two year cap. After two years the cap will be removed and the rate impact could be substantially more. Customers with average usage or lower could see their charges decline with the restructure and customers with shorter channel mileage could see their charges increase.

An additional factor that could impact GTEFL's FX demand dramatically, is the pending Extended Calling Service (ECS) tariff. If an ECS plan is implemented, GTEFL states that a majority of the current FX circuits in place are expected to be removed. We do not necessarily agree with GTEFL's belief that the majority of the FX circuits will be removed. Many business customers may not wish to change their numbers to avoid confusion among their clientele. The implementation of measured rates with an ECS plan and the FX restructure will cause changes in demand. However, there is no way to determine to what degree.

This proposal, with the modifications that have been made, meets all the requirements that we described in Order No. 25120. We find the addition of a usage cap with the reduction of the usage charges to be appropriate. GTEFL's belief that the demand characteristics in the Company's serving area are different from Southern Bell's appears to be reasonable. In addition, with the proposed ECS plan, the demand for FX circuits could be dramatically reduced. Using the Company's 938 average MOU assumption, the revenue impact is almost neutral. For these reasons, we find it appropriate to approve GTEFL's intraLATA FX restructure and repricing.

II. St. Joseph Telephone and Telegraph Company's Tariff Filing

St. Joseph Telephone and Telegraph Company (St. Joe) filed tariff revisions on July 24, 1991, to reflect the recent changes approved for intraLATA FX services. St. Joe's proposal includes changes to both the open and closed ends of FX service and reflects a rate structure similar to Southern Bell's. The closed end rates and structure are the same as Southern Bell's. St. Joe proposes to offer flat rate surrogates on the open end. St. Joe is currently unable to measure traffic inward or outward due to technical restrictions.

St. Joe projects that the Company will experience a revenue decrease of $30.85 with its proposed restructure and rates. The customer impact to St. Joe's customers are comparable with those projected by Southern Bell and United and, therefore, should be minimal. Most of St. Joe's circuits will experience a decrease with the restructure.

St. Joe's proposal is revenue neutral and will have minimal customer impact. St. Joe has proposed the closed end rates approved for Southern Bell. Therefore, we find it appropriate to approve St. Joe's request to restructure and reprice its intraLATA FX service. St. Joe's approved open end rates are as follows:

	Non-Recruiting Charge	Monthly rate
Exchange Access	$15.00	$27.00
Usage Surrogate		$27.00

III. ALLTEL Florida, Inc.'s Tariff Filing

ALLTEL Florida, Inc. (ALLTEL) filed tariff revisions on September 6, 1991, to reflect the recent changes approved for intraLATA FX services. ALLTEL's proposal includes changes to both the open and closed ends of FX service that reflect the rates and structure approved for Southern Bell.

ALLTEL projects that the Company will experience a revenue increase of $11,833.44 with the proposed restructure and rates, although ALLTEL states that this is not an accurate indication of the total revenue impact since the intraLATA private line revenue continues to be pooled.

ALLTEL proposed a two-year cap on the outward usage at the 938 MOU we have approved for Southern Bell. With the cap, the customer impact should be comparable with that expected by Southern Bell, with a projected increase of customer charges of approximately 28% during the two year cap.

ALLTEL's proposal is very close to revenue neutral and should have minimal customer impact. ALLTEL has proposed rates and structure identical to those we have approved for Southern Bell. Therefore, we find it appropriate to approve ALLTEL's tariff proposal to restructure and reprice its intraLATA FX service. ALLTEL's approved rates are as follows:

	NRC	Monthly rate
Exchange Access	$19.50	$45.00
	Initial Min.	Each add'l. min.
Usage charges (Originating Usage)	$.08	$.06

IV. <u>Florala Telephone Company's Tariff Filing</u>

Florala Telephone Company (Florala) filed tariff revisions on August 12, 1991, to reflect the recent changes approved for intraLATA FX services. Florala's proposal includes changes to both the open and closed ends of FX service and reflects a rate structure similar to Southern Bell's. The closed end rates and structure are identical to Southern Bell's. Florala proposes on the open end to offer flat rate surrogates because it is currently unable to measure traffic inward or outward due to technical restrictions.

Florala projects that the Company will experience a revenue decrease of $8.80 with the proposed restructure and rates. As Florala has only two FX customers, one of which will have a rate increase of $3.10 and the other a rate decrease of $11.90, the customer impact to Florala customers should be minimal.

Because Florala's proposal provides the Company with minimal revenue and customer impact and because the closed end rates proposed are identical to Southern Bell's, which we have already approved, we find it appropriate to approve Florala's tariff proposal to restructure and reprice its intraLATA FX service.

Florala's approved open end rates are as follows:

	NRC	Monthly rate
Exchange Access	$15.00	*
Usage Surrogate		$27.00

* The PBX or B-1 rates applicable.

V. Gulf Telephone Company's Tariff Filing

Gulf Telephone Company (Gulf) filed tariff revisions on August 30, 1991, to reflect the recent changes approved for intraLATA FX services. Gulf's proposal includes changes to both the open and closed ends of FX service and reflects a rate structure similar to Southern Bell's. The closed end rates and structure proposed are the same as Southern Bell's. Because Gulf is currently unable to measure traffic inward or outward due to technical restrictions, the Company proposes to offer flat rate surrogates for the open end.

Gulf has no FX circuits and, therefore, the Company will have no revenue impact nor customer impact with the proposed restructure. Therefore, we find it appropriate to approve Gulf's tariff proposal to restructure and reprice intraLATA FX service. Gulf's approved open end rates are as follows:

	NRC	Monthly rate
Exchange Access	$15.00	*
Usage Surrogate		$27.00

* The PBX or B-1 rates applicable.

VI. Indiantown Telephone System, Inc.'s Tariff Filing

Indiantown Telephone System, Inc. (Indiantown) filed tariff revisions on July 31, 1991, to reflect the recent changes approved for intraLATA FX services. Indiantown's proposal includes changes to both the open and closed ends of FX service and reflects a rate structure similar to Southern Bell's proposal. The closed end rates and structure are identical to Southern Bell's. Because Indiantown is currently unable to measure traffic inward or outward due to technical restrictions, Indiantown proposes for the open end to offer flat rate surrogates.

Indiantown projects that the Company will experience a revenue increase of $140.19 with the proposed restructure and rates. The customer impact to Indiantown customers should be minimal. The largest impact is an increase of $55.20 in charges for one customer. The largest reduction in charges is $23.84. As Indiantown's proposal is close to revenue neutral with minimal customer impact, we find it appropriate to approve Indiantown's tariff proposal to restructure and reprice its intraLATA FX service. Indiantown's approved open end rates are as follows:

	NRC	Monthly rate
Exchange Access	$19.50	$45.00
Usage Surrogate (flat rated)		$45.00

VII. <u>Northeast Florida Telephone Company, Inc.'s Tariff Filing</u>

Northeast Florida Telephone Company, Inc. (Northeast) filed tariff revisions on October 7, 1991, to reflect the recent changes approved for intraLATA FX services. Northeast's proposal includes changes to both the open and closed ends of FX service and reflects a rate structure identical to that approved for Southern Bell. Northeast is currently unable to measure inward traffic due to technical restrictions.

Northeast projects that the Company will experience a revenue increase of less than $10.00 annually with the proposed restructure and rates. The customer impact to Northeast customers should be minimal, although it is difficult to estimate due to the measurement factor on the open end. Northeast intends to cap the outward usage charges at Southern Bell's rates for two years.

Northeast's proposal is a close to revenue neutral filing with minimal customer impact. Northeast has proposed the identical rates and structure as Southern Bell. Therefore, we find it appropriate to approve Northeast's tariff proposal to restructure and reprice intraLATA FX service. Northeast's approved open end rates are as follows:

	NRC	Monthly rate
Exchange Access	$19.50	$45.00
	Initial Min.	Each add'l. min.
Usage charges (Originating Usage)	$ .08	$ .06

VIII. Quincy Telephone Company's Tariff Filing

Quincy Telephone Company (Quincy) filed tariff revisions on September 12, 1991, to reflect the recent changes approved for intraLATA FX services. Quincy's proposal reflects the same rate structure as we have approved for Southern Bell. Both the closed end and open end rates and structure are identical to Southern Bell's. Quincy is currently unable to measure inward traffic due to technical restrictions. Quincy has made an additional modification which is not charging initial and additional minutes of use. The Company proposes, instead, to charge the rates approved for United for outward usage. We find this is appropriate since, on those elements, United and Quincy have the same rates.

Quincy proposes a cap of $97.50 on the open end. The Company also proposes a $52.50 usage surrogate where usage measurement is not available. Quincy projects that the Company will not experience a revenue impact nor a customer impact with the proposed restructure and rates since the Company has no FX customers. Therefore, we find it apropriate to approve Quincy's tariff proposal to restructure and reprice intraLATA FX service. Quincy's approved open end rates are as follows:

	Monthly rate
Exchange Access	$45.00
	Outward MOU
Usage charges (Originating Usage)	$.0559

IX. Customer Notification

Many differing consumer groups are being affected by this intraLATA FX restructure. For this reason, we have previously required all of the LECs to notify all existing intraLATA FX customers that this proceeding was underway and could affect their monthly rates for FX service. The initial notification was given on July 15, 1991, and we have since received some customer input.

Customer specific notification of rate changes shall be initially completed no later than 60, and again 30, days prior to the effective date of February 10, 1992. The customer specific notification shall indicate the full effect of the restructure on the end user. The notification shall include a comparison of the end user's current bill to the new total charges and any other relevant information an end user may need to evaluate the impact of the restructure.

X. Southern Bell to File Revisions to its General Services Subscriber Tariff

Until mid-1988, the Private Line and Special Access tariffs used one formula to compute mileages and the General Services Subscriber Tariff (GSST) used a different formula for services in that tariff. In July of 1988, this Commission approved tariff revisions by Southern Bell to correct these and other inconsistencies among tariffs as to how mileage is calculated.

Therefore, Southern Bell shall file tariff revisions to be approved administratively to correct the formula in section A18 to reflect the formula that was actually used to calculate the MTS rate bands.

Based on the foregoing, it is, therefore

ORDERED by the Florida Public Service Commission that the tariff filings by GTE Florida Incorporated, St. Joseph Telephone and Telegraph Company, ALLTEL Florida, Inc., Florala Telephone Company, Gulf Telephone Company, Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Inc., and Quincy Telephone Company to implement the revisions to Foreign Exchange service are hereby approved. It is further

ORDERED that the local exchange companies addressed herein shall provide customer notification as set forth herein. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file the appropriate revisions to its General Services Subscriber Tariff as set forth herein. It is further

ORDERED that this docket shall remain open until all of the required actions have been taken.

By ORDER of the Florida Public Service Commission, this 23rd day of DECEMBER, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 1/13/92.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.