

1  
2  
3  
4  
5

Southern Bell Tel. and Tel. Co.  
FRR 0407 PSC 05  
April 18, 1995  
Item No. 2  
Page 1 of 1

6 REQUEST: With respect to the statement in Attachment A that these  
7 reductions are appropriate in order to bring rates closer to costs:

- 8 a. What is the basis for that statement?  
9 b. For each service, provide the cost data that corroborates that  
10 statement.  
11 c. If no cost data is available, explain the statement.

12 RESPONSE:

- 13 a. Pressure to drive rates closer to costs is usually brought about  
14 by one or more of the following:  
15 1. Competition.  
16 2. Cross-elasticity.  
17 3. Technological change, replacement or displacement.  
18 4. A lower priced comparable service.

19 All services chosen for rate reductions in this filing are under  
20 varying degrees of pressure from one or more of the above listed  
21 items as will be explained in more detail in the response to  
22 Request Item No. 3. Additionally, all of these services have high  
23 revenue/cost ratios.

24 b. Recurring unit costs are as follows:

25 Billed Number Screening: Negligible.

26 800 service usage:

27 Customized Code Restriction (all options): \$0.02/mo./line. (does  
not include a non-volume sensitive monthly cost per central office  
of \$0.12).

DID Trunk Termination: \$9.44/mo./trunk

Ringmaster<sup>sm</sup> service: \$1.04/mo./line for both Ringmaster I and II,  
and residence and business service.

Hunting: Since this service has been residually priced in the  
past, the total cost for hunting service, including additional  
line usage, are not available. However, costs for equipping a line  
with this feature are \$0.09/mo./line.

c. See above.

Response provided by: Mario L. Soto  
Manager - Pricing  
675 W. Peachtree St., N.E.  
Atlanta, Georgia 30375

41

DOCUMENT NUMBER-DATE  
03858 APR 25 1995  
FPSC-RECORDS/REPORTING