

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 940370-TL  
tariff filing to introduce bill ) ORDER NO. PSC-94-1058-FOF-TL  
detail to private pay telephone ) ISSUED: August 30, 1994  
providers by GTE Florida )  
Incorporated. (T-94-148 filed )  
3/16/94) \_)

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The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman  
SUSAN F. CLARK  
JULIA L. JOHNSON  
DIANE K. KIESLING

ORDER APPROVING TARIFF FILING

BY THE COMMISSION:

I. Case Background

On March 16, 1994, GTE Florida Inc. (GTEFL or the Company) filed proposed revisions to its General Services Tariff to introduce local usage detail for non-LEC, privately owned pay telephone service providers (NPATS). The proposed revisions were considered at the August 16, 1994, Agenda Conference. At that time, the Florida Public Telecommunications Association (FPTA) argued that the contribution level is excessive and requested that we deny the tariff. GTEFL asserted that the proposed rates are reasonable and are the same as those it has been charging its existing customers since 1992. Accordingly, GTE requested that we approve the tariff.

II. Description of Service

NPATS providers currently subscribe to Public Telephone Access Service if they use intelligent pay telephone instruments that have self-contained payphone functions, or coin line service if they use phones that rely on the central office for coin control and other functions. Local usage detail is a feature specifically designed to allow NPATS providers using either access service to view call details for each local call generated from their paystations.

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### III. Discussion and Conclusion

GTEFL proposes to offer local usage detail under the same terms and conditions as it presently does to message rate residence, business, and Extended Calling Service (ECS) customers. Under the terms of the present tariff, customers pay \$1.75 per month plus \$.12 per page for local usage detail.

The Company expects approximately 50% of all NPATS access lines to subscribe to local usage detail at any one time. The Company also projects an average of 527 local calls per month per line, and an average of 3,275 total NPATS access lines in Florida for 1994. Using these averages, the Company expects the average NPATS local usage detail charge to be \$3.19 per line per month [ $\$1.75 + 12 \text{ pages (44 msgs. per page) = } \$3.19$ ], and expects approximately \$125,000 in annual revenues from this service.

GTEFL did not file a cost study with its proposal. Upon inquiry, GTEFL stated it did not perform a cost study for this filing since it mirrors an existing offering for message rate customers. However, upon further inquiry, it was determined that no cost study was performed for that filing as it mirrored the rates of another state, which mirrored another state, etc. When the original tariff proposal was located, apparently no cost study was ever filed with it, either. Therefore, GTEFL did not know whether its rates would cover its costs, or whether its rates were far in excess of its costs.

The Company conducted a cost study after filing its proposed tariff and submitted the results to the Commission. It projected its per-line cost to be \$.17 per month (its proposed rate is \$1.75). It also projected its per-page cost to be \$.037 (its proposed rate is \$.12). This represents a 423% contribution over costs for the projected average NPATS line (12 pages; \$3.19 rate - \$.61 cost).

Southern Bell is the only other Florida LEC currently offering this service to NPATS providers. Southern Bell's offering is priced at \$.01 per call, which would equate to an average monthly rate of \$5.27 at GTEFL's estimate of 527 calls per month (Southern Bell estimates an average of 540 calls per month). Southern Bell's estimated costs for local usage detail service are \$.005 per call. This equates to an estimated 100% contribution.

We believe the contribution level in this proposal is significant for several reasons. First, local usage detail is simply an auditing tool for GTEFL's customers. It is currently used by message rate and ECS customers to make sure they are being

charged correctly for their ECS usage, and to have a written record as a tool to control their local/ECS usage. Its use by NPATS providers will be similar. Although NPATS providers have little control over how many local calls are made over their instruments, they can still use local usage detail to match their records against GTEFL's for accuracy.

Second, this feature is a monopoly input to GTEFL's competitors. This essentially means that it is a monopoly feature, so there are no alternatives; and it is a necessary feature sold by GTEFL to its direct competitors. Both of these factors together provide large incentives for GTEFL to maximize its rates for these features; it adds to its own revenues while increasing its competitors' costs.

Third, the proposed contribution level for this service is in excess of Southern Bell's. Southern Bell's rates are estimated at 100% above cost. The proposed rates would provide over four times the contribution as Southern Bell's.

At the Agenda Conference, the FPTA argued that the contribution level is excessive and requested that we deny the tariff. It also informed the Commission that if the tariff was approved, as submitted, it would utilize the service, but would request that the revenues be held subject to refund. GTEFL, on the other hand, asserted that its rates are reasonable and that it does not have the capability to charge one rate for PATS customers and another rate for its remaining customers. According to GTEFL, to charge different rates would require a major change to its billing system.

Upon consideration, on balance, we are not persuaded that we should deny the operational date of the tariff. However, we are concerned about the contribution level. Therefore, we will approve the tariff and, on our own motion, set the matter for hearing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida Inc.'s tariff filing to introduce local usage detail for private pay telephone providers is approved as set forth in the body of this Order. It is further

ORDERED that the tariff shall be effective August 16, 1994. It is further

ORDERED that this matter shall be set for hearing at the earliest possible date. It is further

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ORDERED that this tariff shall remain in effect with any increase in revenues held subject to refund pending the outcome of the hearing. It is further

ORDERED that this docket shall remain open pending the outcome of the hearing.

By ORDER of the Florida Public Service Commission, this 30th day of August, 1994.



BLANCA S. BAYÓ, Director  
Division of Records and Reporting

( S E A L )

MMB

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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on September 20, 1994.

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

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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 wastewater 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.