



Public Service Commission

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RECORDS AND REPORTING

DATE: FEBRUARY 3, 2000

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (HAWKINS) *JG*
DIVISION OF LEGAL SERVICES (VACCARO) *JK*

RE: DOCKET NO. 000104-TL - REQUEST FOR APPROVAL OF TARIFF FILING TO INCREASE RATES FOR CHARGE ACCOUNTS, FOREIGN EXCHANGE LISTINGS, CALLER ID NAME, CALL RETURN, REPEAT DIALING, CALL WAITING DELUXE, AND TO ELIMINATE MULTIPLE FEATURE DISCOUNT BY FRONTIER COMMUNICATIONS OF THE SOUTH, INC. (T-00-0091 FILED JANUARY 19, 2000)

AGENDA: 02/15/2000 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 30-DAY SUSPENSION DATE: WAIVED BY THE COMPANY

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\000104.RCM

CASE BACKGROUND

On January 19, 2000, Frontier Communications of the South, Incorporated (Frontier or the Company) filed a tariff to increase the rates for Charge Accounts, Foreign Exchange Listings, Caller ID Name, Call Return, Repeat Dialing, Call Waiting Deluxe, and to eliminate the multiple feature discount. Frontier is still rate base regulated. The tariff is included as Attachment A. The company requested an effective date of February 20, 2000.

DOCUMENT NUMBER-DATE

01512 FEB-38

FPSC-RECORDS/REPORTING

DISCUSSION OF ISSUES

ISSUE 1: Should Frontier's proposed tariff filing to increase rates for Charge Accounts, Foreign Exchange Listings, Caller ID Name, Call Return, Repeat Dialing, Call Waiting Deluxe and to eliminate the Multiple Feature Discount be approved?

RECOMMENDATION: Yes. The proposed tariff filing to increase rates for Charge Accounts, Foreign Exchange Listings, Caller ID Name, Call Return, Repeat Dialing, Call Waiting Deluxe and to eliminate the Multiple Feature Discount should be approved, with an effective date of February 20, 2000. **(HAWKINS)**

STAFF ANALYSIS: As stated previously, Frontier proposes to increase the rates for Charge Accounts, Foreign Exchange Listings, Caller ID Name, Call Return, Repeat Dialing, Call Waiting Deluxe and to eliminate the Multiple Feature Discount. Also, the company is seeking approval of this tariff filing to bring the rates for the Florida exchanges into parity with the rates for the company's Alabama exchanges. Attachment B lists all of the affected services and the projected revenue impact on the company. This filing proposes to increase the rate for maintaining the services for Charge Accounts from \$1.80 to \$2.50, which is a flat, minimum monthly charge in addition to whatever other charges may be on the account. Charge Accounts are unassigned telephone numbers used to provide customers who desire this service a special billing account with the telephone company. Currently, there are no customers utilizing this service.

Also, this filing proposes to increase the monthly charge for "800" type foreign exchange listings in the white pages of the telephone directory from \$1.75 to \$3.00, billable and payable for the entire 12-month directory life, by the time of publication. Currently, there are two customers utilizing this service.

Further, this filing proposes to increase the rates for Caller ID Name, Call Return, Repeat Dialing and Call Waiting Deluxe. The increased monthly charges for these services are, \$7.00, \$3.50, \$3.50, and \$3.50, respectively(See Attachment B). The Anonymous Call Rejection feature is now included with the Caller ID Name feature. Therefore, the \$3.00 monthly charge for Anonymous Call Rejection has been eliminated. The minimum and maximum ranges for rates for Basic and Advanced custom calling features are \$.30 to

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\$11.00. The actual rates for the Basic and Advanced custom calling services proposed in this tariff filing range from \$2.50 to \$7.00.

Finally, this filing proposes to eliminate the multiple feature discount and offer feature packages at a discount. The monthly rate bands for feature packages range from a minimum of \$.50 to a maximum of \$25.00. The actual rates range from a minimum of \$9.95 to a maximum of \$17.95.

Based on the annual revenue impact information provided by Frontier(Attachment B), staff estimates annual revenue attributable to this tariff action to be \$15,201. The company's Earnings Surveillance Report indicates that on June 30, 1999, Frontier had an achieved Return on Equity (ROE) of -10.94%. This tariff filing should raise its ROE by 0.53%, bringing its ROE to -10.41%.

Staff notes that on January 6, 1999, Frontier previously made a similar tariff filing which involved many of the same custom calling features. That filing was presented in Docket 990049-TL, and approved in Order No. PSC-99-0412-FOF-TL, issued February 25, 1999.

As stated above, the rate increases proposed in this tariff filing are within the minimum and maximum (\$.030-\$25.00) rate ranges allowed for Basic, Advanced, and Feature Packaged custom calling services. Additionally, staff conducted an informal comparison of the rates for a sampling of the services noted herein. Staff consulted Order No. PSC-99-2455-PAA-TP (1999 Statewide Averages) and concludes that the rate for Caller ID Name is slightly higher for residential customers and lower for business customers; the rates for Call Return, Repeat Dialing, and Call Waiting Deluxe are lower than the statewide averages for both residential and business customers.

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ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If the Commission approves staff's recommendation in Issue 1, this tariff should become effective on February 20, 2000. If a protest is filed within 21 days from the issuance date of the Order, this tariff should remain in effect pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed. (VACCARO)

STAFF ANALYSIS: If the Commission approves staff's recommendation in Issue 1, this tariff should become effective on February 20, 2000. If a protest is filed within 21 days from the issuance date of the Order, this tariff should remain in effect, pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed.