

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 940128-TL  
tariff filing to provide a free ) ORDER NO. PSC-94-0431-FOF-TL  
telephone set or an \$18.00 ) ISSUED: April 11, 1994  
credit to new or existing )  
customers who lease an )  
additional residential line by )  
Bellsouth Telecommunications, )  
Inc. d/b/a Southern Bell )  
Telephone and Telegraph Company. )  
(T-94-036, filed 1-25-94) )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

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

ORDER APPROVING TARIFF

BY THE COMMISSION:

On January 25, 1994, Bellsouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company (SBT or the Company) filed a tariff to provide a free telephone set or an \$18.00 credit to new or existing customers who lease an additional residential line during the promotional period of April 1, 1994 through May 31, 1994. The purpose of SBT's filing is to increase customer awareness and promote the sale of additional residence lines. SBT states that this promotion was conducted successfully in seven states within the BellSouth region in November and December 1993 with positive results in both the sale of additional lines and associated vertical services.

The Company believes the 60-day promotion will benefit customers by 1) providing the choice of a free telephone set or an \$18.00 credit to non-recurring costs (NRC) normally associated with the addition of telephone lines; 2) allowing the customer to choose the free telephone offer to select a style or color telephone to match decor or personal taste; and 3) appealing to

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those customers seeking a way to satisfy increasing demands of telephone service with younger children or teens at home for the summer holidays, college students returning to the household to visit or work, or other relatives or friends visiting during the vacation season.

The free telephone sets are provided exclusively via a third party CPE (customer provided equipment) vendor. Tele-Com Products in Duarte, California was selected to furnish the telephones for this promotion and is not affiliated with SBT. When a customer orders a phone, SBT transmits the order to the vendor, and the phone is shipped directly to the customer. The cost of the phones to SBT is approximately \$18.27 each, which includes handling charges. SBT will account for the expense of the telephone as above the line. We believe that this is an arm's-length transaction, and we find that SBT's proposed accounting methodology is appropriate.

The specific financial projections for this promotion are \$8,688,473 revenues, \$8,101,288 costs, and \$587,184 contribution. Revenue projections include average monthly revenue per line, average vertical service revenue per line, and end-user common line charges. Costs include expenses associated with the additional access line, foregone revenue, advertising expense, and cost of money. There is an increase in contribution of approximately 7.0% over the expenses for a three-year period.

The Company projects a 50% stimulation over business as usual, or a gain of 14,686 additional lines. On the basis of results from the Tennessee trial and data from the introduction of this program in seven BellSouth states in 1993, SBT estimates that 70% of the promotion customers will choose the \$18.00 NRC credit and 30% will choose the free telephone. The credit covers a portion of the \$40 connection charge.

This promotion will benefit the customer who has increasing demand for an additional phone line. Accordingly, we approve SBT's tariff filing to provide a free telephone set or an \$18.00 credit to new or existing customers who lease an additional residential line. The tariff shall be approved with an effective date of March 28, 1994, for a promotional period of April 1, 1994 through May 31, 1994.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company's tariff to provide a free telephone set or

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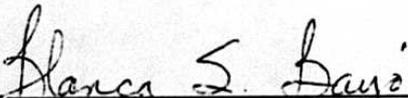
an \$18.00 credit to new or existing customers who lease an additional residential line during the promotional period of April 1, 1994 through May 31, 1994 is approved. It is further

ORDERED that this tariff shall become effective on March 28, 1994. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirement set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 11th day of April, 1994.

  
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BLANCA S. BAYO, Director  
Division of Records and Reporting

( S E A L )

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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

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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 May 2, 1994.

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 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.