

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Review of the Requirements) DOCKET NO. 871394-TP
 Appropriate for Alternative Operator)
 Services and Public Telephones.)
)

In re: Tariff revision by SOUTHERN) DOCKET NO. 880649-TL
 BELL TELEPHONE AND TELEGRAPH COMPANY) ORDER NO.: 22410
 to establish provisions for billing) ISSUED: 1-11-90
 validation service. (T-89-318 filed)
 6/14/89))
)

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

ORDER DENYING TARIFF FILING AND ALLOWING
 ADMINISTRATIVE APPROVAL OF REFILED TARIFF

BY THE COMMISSION:

Billing Validation Service (BVS) is an offering that allows interexchange carriers (IXCs) and nonLEC (nonlocal exchange company) pay telephone (PATS) providers to verify that a calling card number or an access line can be used for billing purposes. Conceptually, the service is similar to the one used by store merchants to clear credit card numbers prior to allowing a store purchase. Billing Validation Data License Service (BVDLS) is the direct provisioning of the raw data used to validate calls, including such information as whether a credit card number or telephone number is valid for billing purposes.

These issues have been addressed in two dockets: Docket No. 871394-TP, which dealt with the requirements appropriate for alternative operator services (AOS) providers and nonLEC PATS providers; and Docket No. 880649-TL, which was opened when Southern Bell Telephone and Telegraph Company (Southern Bell) filed its tariff proposal to implement BVS. By Order No. 20489, issued December 21, 1988, we directed all LECs, except

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Southern Bell, which was given a shorter time frame, to implement BVS and BVDLS by January 1, 1990, unless an appropriate showing of undue burden was made by June 1, 1989. Requests for reconsideration of Order No. 20489, relative to the BVS and BVDLS issues, were disposed of in Order No. 20150, issued April 14, 1989. In Order No. 21052, also issued April 14, 1989, we approved Southern Bell's tariff filing to implement BVS. Since that time, Southern Bell has also made its tariff filing to implement BVDLS effective January 1, 1990. This Order addresses a tariff filing (T-89-549) by United Telephone Company of Florida (United or the Company) to implement BVS and BVDLS as directed by the Orders mentioned above.

United does not, at the present time, issue a calling card of its own to end users, so the Company's verification needs are related to its own access lines and other companies' calling cards. United proposes to arrange for assistance from U.S. West Service Link, Inc. (U.S. West) in the provisioning of BVS to subscribers. This third party arrangement is one where each BVS subscriber would be billed by United; United, in turn, would reimburse U.S. West for its costs in providing the data. United has submitted BVS cost information which includes both internal and external costs. Long run, incremental costs were the basis of United's cost study for providing BVS. United found it difficult to estimate demand for BVS. Given United's estimate of 1,869,168 queries per year and its proposed per query rate of \$.17, the Company expects total revenues from the service of \$317,758, of which \$158,879 may be classified as internal, or true Company revenues. These revenues not only cover costs, but also include contribution. This is significantly higher than Southern Bell's rate of \$.09 per query. While we recognize that United cannot utilize the economies of scale available to the large Regional Holding Companies, its proposed rate is significantly higher than that proposed by any other LEC.

Further, we do not believe it is appropriate to allow United to gain contribution from this service. While we only mentioned Southern Bell in Orders No. 20150 and 20152 when we stated that the rate for BVS shall be set at cost, our intent was to extend this requirement to all of the LECs. This is consistent with the fact that United does not receive contribution for its validation arrangements with AT&T

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Communications of the Southern States, Inc. (ATT-C). We can see no reason for allowing United to receive contribution for providing BVS to other entities.

United has informed our staff that the Company will require six months to implement BVS. This is contrary to our directive in Order No. 20489 that BVS be available as of January 1, 1990. Therefore, we shall deny United's tariff revisions relative to BVS and the Company shall be required to refile that portion of its tariff by December 26, 1989, to become effective January 1, 1990, at a rate that is equal to cost. We delegate to our staff the authority to administratively approve the refiled portion of the tariff, if consistent with our decision herein.

An additional portion of United's tariff revision is its proposal to introduce BVDLS. Billing validation data is the raw data originating from within United's intrastate service area that is used to validate calls. Included in this data are calling card personal identification numbers (PINs), billed number screening records, and both LEC and nonLEC pay telephone number records.

United's tariff proposal specifies the obligations of both the Company and the subscribers in Sections E8.6.2, E8.6.3, and E8.6.4. We have reviewed these provisions and find them to be appropriate and reasonable.

United did not provide us with its costs for BVDLS. The tariff proposal features two-part rates: a one time service establishment charge and a recurring monthly charge which fluctuates based upon market factors. All rates would be determined on an individual case basis. The most important considerations the Company plans to use to set recurring rates are the subscribers' willingness to pay, the demand level, and the introduction of ATT-C's new multipurpose credit card. The most important considerations the Company plans to use to set nonrecurring rates are the customers' willingness to pay, the length of the contract, the frequency of updates, and the update requirements.

Representatives of the Company have indicated that United has no demand whatsoever for BVDLS. While the Company has not conducted a market survey, it claims that the costs to the

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subscriber to adapt its facilities is so excessive that no company would even consider subscribing to this offering. Additionally, United's current validation data resides in a national data base and would require considerable reformatting for provision on strictly an intrastate basis. As such, the Company states it does not actually expect to ever deliver BVDLS, but is making its filing only because this Commission has ordered it to do so. Since United has no pending requests for BVDLS, the Company shall submit a tariff to the Commission at such time as a request is received. We reserve judgement on United's BVDLS proposal until a tariff is received to accommodate a request for the service.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposed tariff revisions filed by United Telephone Company of Florida (T-89-549) to implement Billing Validation Service and Billing Validation Data License Service are hereby denied for the reasons set forth herein. It is further

ORDERED that United Telephone Company of Florida shall refile its tariff to implement Billing Validation Service subject to the terms and conditions set forth herein, by December 26, 1989, to become effective January 1, 1990, by administrative approval. It is further

ORDERED that United Telephone Company of Florida shall refile its tariff to implement Billing Validation Data License Service subject to the terms and conditions set forth herein, at such time as the Company has a customer for the service. It is further

ORDERED that these dockets shall remain open.

By ORDER of the Florida Public Service Commission
this 11th day of JANUARY, 1990.



STEVE PRIBBLE, 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance of this order, 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.