

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for approval of) DOCKET NO. 921033-TI
tariff filing to increase evening) ORDER NO. PSC-92-1413-FOF-TI
and night weekend rates for 800) ISSUED: 12/07/92
Readyline and Plus services by)
AT&T COMMUNICATIONS OF THE)
SOUTHERN STATES, INC.)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER APPROVING ATT-C TARIFF TO INCREASE
EVENING AND NIGHT/WEEKEND RATES FOR
800 READYLINE SERVICE AND PLUS SERVICES

BY THE COMMISSION:

On September 10, 1992, AT&T Communications of the Southern States, Inc. (ATT-C) filed a tariff to increase evening and night weekend rates for 800 Readyline and Plus services.

800 Readyline Service

800 Readyline permits inward 800 number calling from stations throughout the state to the customer's station. The service can be provisioned through either the switched network or dedicated facilities.

800 Readyline is aimed at the small to medium volume customers. The rates for the service are based on per hour use. The current rates are \$14.95, \$13.35 and \$11.58 for Day, Evening and Night/Weekend periods, respectively. Usage volumes of less than an hour are rounded to the nearest tenth of an hour. AT&T Communications of the Southern States, Inc. (ATT-C) also offers a Volume Value Plan, providing discounts for various levels of usage.

ATT-C's filing seeks to raise the evening and night/weekend rates to \$14.69 and \$12.74 per hour, respectively. This represents an approximate 10% increase in these rates. The Company states that the increase is to position the service in comparison to the Company's competition.

According to the Company, the expected revenue impact will be and increase in revenues of \$554,000. ATT-C's impact estimate is

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based on a "typical" customer where the majority of usage is daytime and where rates are not being increased.

Upon examination of this filing, we note several concerns. It appears that, with the exception of MCI's Option H Business Line Service, ATT-C's current rates are already higher than those its three largest competitors for similar services. Assuming ATT-C's competitors do not increase their rates, the proposed increase will further widen the gap.

There is also a problem with 800 number portability. Portability refers to a customer being able to switch carriers without having to change his or her 800 number. Due to technical limitations, portability is not yet operational but is scheduled for early 1993. Many 800 customers use their 800 number as a marketing device such as 800 HOLIDAY used by Holiday Inns. Those customers who have a specific number will be "locked in" to 800 Readyline and will not be able to readily change to another carrier. ATT-C is not able to show how many 800 Readyline subscribers have asked for a specific number because it does not track this information.

Upon consideration, we find it to approve the Readyline tariff as filed. Notwithstanding our concerns stated above, we note that most of ATT-C's competitors' rates, in comparison to ATT-C's, are especially attractive and will only become more so with ATT-C's proposed increases. In addition, the rate changes are not proposed for the day period. Assuming ATT-C's data on calling patterns is correct, the impact will not substantially affect many of ATT-C's current customers. Also, as we determined in Docket No. 870347-TI, there is competition in the interexchange market. Since 800 Readyline rates are already well above those of most of its competitors, raising these rates will serve to further stimulate competition by encouraging ATT-C's customers to more closely examine ATT-C's competitors' rates and services. Moreover, because there is competition, we are more concerned about ATT-C predatorily reducing prices rather than raising them.

Plus Services

Plus services are telecommunications services which permit inward calling between stations located within the state of Florida. Plus services are currently offered only on 800 Readyline and 800 Megacom services. There is no change to the way these services are provisioned with the addition of Plus services.

Plus services provide, in two ways, extra "insurance" to customers should there be an interruption to their service. First,

ATT-C guarantees an alternative routing arrangement in the event of an outage. There are three available choices for both 800 Readyline and 800 Megacom services: 1) ATT-C will provide the customer with an alternate 800 Readyline Plus and waive the usage charges for the period of time the alternate 800 Readyline Plus is in use; 2) ATT-C will route the Plus services calls to an announcement at no charge until the trouble condition is repaired; and 3) ATT-C will route the calls to a customer's additional 800 service and apply a daily credit to the bill for the alternative 800 service for each day or portion thereof that the Plus service remains interrupted.

Second, ATT-C guarantees that the interruption will be repaired with in a certain period of time, depending on the service affected. If ATT-C fails to correct the problem within the specified time period, a credit is applied to the customer's bill for that month. For 800 Readyline the credit is five percent for an interruption over one hour; for Megacom 800 the credit is five percent for over 5 hours.

Plus services are offered in response to those 800 Readyline and 800 Megacom customers who need accelerated responses to any outages. Airline reservation services and televised shopping network services would be two examples of potential customers.

ATT-C proposes to increase the rates for 800 Readyline Plus for the evening and night/weekend periods to \$15.60 and \$13.53 per hour, respectively. This represents an approximate 10% increase. ATT-C is proposing to raise the evening and night/weekend rates for 800 Megacom Plus to \$8.18 and \$5.95 per hour, respectively. As with 800 Readyline, the Company states that the increases are to position the service in comparison to the Company's competition.

ATT-C estimates that the revenue impact will be \$5,000. As stated above, this estimate is premised on the majority of usage occurring in the daytime where rates are not being increased. We note that since Plus services have been offered only since May 23, 1992, in Florida, the subscription rate is still low. In addition, the three major competitors do not offer anything similar on an intrastate basis.

Upon consideration, we find that the tariff should be approved as filed. We note with some concern that ATT-C is "positioning" itself in a market in which has no direct competition for its Plus Services. Notwithstanding this, it appears that any degradation of service will be met with complaints from customers. In a competitive environment companies will lose customers if they fail to respond promptly to service problems or if they offer poor

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service. This will only serve to stimulate competition from competitors. In addition, we also note that ATT-C's interstate tariff, to which this filing is an add-on, specifies that any alternate routing selected by the customer will be completed within 30 minutes of ATT-C confirming that the alternate routing option is available. For Plus services this time frame is 15 minutes. If ATT-C's customers want the stringent guarantees and credit arrangements provided by ATT-C's Plus Services, customers should be allowed the option.

Based upon the foregoing, it is

ORDERED by the Florida Public Service Commission that the proposal by AT&T Communications of the Southern States, Inc. to increase evening and night/weekend rates for 800 Readyline service is hereby approved as set forth in the body of this Order. It is further

ORDERED that the proposal of AT&T Communications of the Southern States, Inc. to increase evening and night/weekend rates for Plus services is hereby approved as set forth in the body of this Order. It is further

ORDERED that this tariff shall become effective November 3, 1992. It is further

ORDERED that if a timely protest is filed pursuant to the requirements set forth below, all increased revenues resulting from this filing shall be held subject to refund. It is further

ORDERED that if no protest is received within the time frame set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 7th day of December, 1992.



STEVE TRIBBLE, 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.

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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 28, 1992.

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.