

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the busy hour)	DOCKET NO. 910584-TL
minutes of capacity (BHMOC) rates of)	
ALLTEL FLORIDA, INC.; GULF TELEPHONE)	ORDER NO. 24819
COMPANY; NORTHEAST FLORIDA TELEPHONE)	
COMPANY, INC; QUINCY TELEPHONE COMPANY;)	ISSUED: 7/15/91
ST. JOSEPH TELEPHONE AND TELEGRAPH)	
COMPANY; and VISTA-UNITED TELECOMMUNI-)	
CATIONS)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER REDUCING BHMOC RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

The Busy Hour Minute of Capacity (BHMOC) charge is a rate element of local exchange companies (LECs) designed to encourage trunking efficiency by interexchange carriers (IXCs). Specifically, the BHMOC charge is a fixed monthly rate per busy hour minute of switched access capacity ordered by an IXC. In the recent past, we have taken action to reduce and, when possible, eliminate the BHMOC access rate.

Prior to October 1, 1990, ALLTEL Florida, Inc. (ALLTEL), Central Telephone Company of Florida (Centel), Gulf Telephone Company (Gulf), Indiantown Telephone System, Inc. (Indiantown), Northeast Florida Telephone Company, Inc. (Northeast), Quincy Telephone Company (Quincy), St. Joseph Telephone and Telegraph Company (St. Joseph), United Telephone Company of Florida (United), and Vista-United Telecommunications (Vista-United) had a uniform BHMOC rate of \$6.60. On October 1, 1990, each of these companies reduced their BHMOC rates in response to a BHMOC rate reduction by Southern Bell Telephone and Telegraph Company (Southern Bell). In early 1991, Centel and United further reduced their BHMOC rates to

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\$4.15 and \$4.33, respectively, as a result of their rate cases. We believe it is now appropriate for ALLTEL, Gulf, Northeast, Quincy, St. Joseph, and Vista-United to reduce their BHMOC rates by twenty-five percent (25%) from the current level. This will result in the BHMOC rates for these six companies ranging from \$3.20 to \$4.55, as shown below. These proposed rates are in line with our decisions on the BHMOC rates for Centel and United.

	<u>CURRENT BHMOC RATE</u>	<u>PROPOSED BHMOC RATE</u>
ALLTEL	\$6.06	\$4.55
Gulf	6.02	4.50
Northeast	4.27	3.20
Quincy	4.93	3.70
St. Joseph	5.35	4.00
Vista-United	5.77	4.35

Based on the current level of earnings of each of these companies, we believe that they can absorb this rate reduction without forcing them into a position of underearning. In fact, we currently have dockets open to investigate the earnings of Quincy and St. Joseph; however, this reduction alone will not resolve Quincy and St. Joseph's earnings dockets and additional action will be taken in those dockets as appropriate. The proposed reductions for ALLTEL, Gulf, Northeast and Vista-United will result in a 1-2 percentage point decrease in return on equity (ROE), depending on the company. Based on the December, 1990, surveillance reports and known changes in earnings, such as the phase-up of the interstate SPF for Gulf and Northeast, we believe that this proposed reduction will not force these companies to earn below their authorized range for ROE. We believe the 25% BHMOC rate reduction is appropriate based primarily on each company's earnings.

Floral Telephone Company (Floral), Indiantown, and Southland Telephone Company's (Southland's) earnings are 8.67%, 4.62%, and -4.38% return on equity, respectively. This is well below their authorized ROE levels; therefore, we are not reducing their BHMOC rates at this time. This action is consistent with our decision regarding the BHMOC rate reduction of October 1, 1990, where Floral and Southland were excluded because of their relatively low earnings.

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By reducing the BHMOC rates of several LECs at one time, we are able to produce a large enough access reduction for AT&T Communications of the Southern States, Inc. (ATT-C) to flow through. Access reductions by only one of the smaller LECs would not have this effect. Accordingly, ALLTEL, Gulf, Northeast, Quincy, St. Joseph and Vista-United shall each reduce their current BHMOC rate by 25%, effective September 1, 1991, as shown in the chart above.

ATT-C shall be required to pass through its access reductions in the form of reduced intrastate toll rates. ATT-C shall reduce its rates in accordance with the distribution of switched access usage to reflect its share of the \$845,761 BHMOC reduction by these six LECs. In addition, ATT-C shall further decrease its rates to flow through to end users ATT-C's \$301,674 decrease in access expenses associated with Southern Bell's decrease in Feature Group D originating access charges approved in Docket No. 910381-TL, which became effective May 10, 1991. ATT-C shall file appropriate tariffs by August 1, 1991, to be reviewed by our staff and approved administratively, to become effective September 1, 1991.

Based on the foregoing, it is

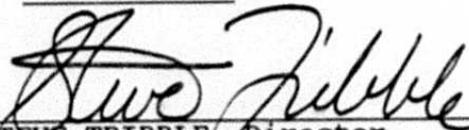
ORDERED by the Florida Public Service Commission that ALLTEL Florida, Inc., Gulf Telephone Company, Northeast Florida Telephone Company, Inc., Quincy Telephone Company, St. Joseph Telephone and Telegraph Company, and Vista-United Telecommunications shall each reduce their busy hour minute of capacity rate effective September 1, 1991, in the amount and in the manner set forth herein. It is further

ORDERED that AT&T Communications of the Southern States, Inc. shall file tariff revisions to reduce its intrastate rates in accordance with the requirements set forth in the body of this Order, to become effective September 1, 1991. It is further

ORDERED that our actions described herein shall become final and this docket shall be closed following the expiration of the protest period specified below, if no proper protest to our proposed agency action is filed in accordance with the requirements set forth below.

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By ORDER of the Florida Public Service Commission, this 15th
day of JULY, 1991.


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 action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), 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 8/5/91.

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In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

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 and effective 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 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 of the effective date 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.