BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Investigation into the depooling of IntraLATA interexchange Private Line Service.	DOCKET NO. 921280-TL ORDER NO. PSC-93-0993-FOF-TL ISSUED: 7/6/93

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
THOMAS M. BEARD
SUSAN F. CLARK
JULIA L. JOHNSON
LUIS J. LAUREDO

ORDER APPROVING TARIFF FILING

BY THE COMMISSION:

I. BACKGROUND

The process of depooling intraLATA interexchange private line service has taken several steps. In Docket No. 890505-TL, interexchange private line services were restructured and repriced. In Docket No. 910325-TL, Order No. 24418, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) filed tariff revisions to encourage meet point billing of private line services provided by multiple local exchange companies (LECs). In Docket No. 910612-TL, Order No. 25120, intraLATA foreign exchange telephone service was restructured and repriced for all local exchange companies.

Implementation of these tariffs was the initial step towards depooling interexchange private line services. At that time, LECs did not provide customers with company specific rates. All LECs charged the Southern Bell rate for private line service and then pooled the revenue together. The LECs were distributed revenue from the pool to cover expenses based on their cost studies, and they also were distributed revenue for a return on investment. There is now a billing mechanism in place to allow companies that were in the private line pool to bill separately for the service each company provides. This allows the LECs to charge rates that are closer to their companies' specific costs of providing service.

The first LEC to be removed from the private line pool was GTEFL in its rate case, Docket No. 920188-TL. Then, ALLTEL Florida, Inc., Florala Telephone Company, Inc., Gulf Telephone

Company, Indiantown Telephone System, Inc., Northeast Florida Telephone Company, Inc., Quincy Telephone Company, St. Joseph Telephone and Telegraph Company, Southland Telephone Company, and Vista-United Telecommunications were removed from the pool by Order No. PSC-93-0360-FOF-TL, issued 2/25/93, in Docket No. 921280-TL.

In the same order, we stated that the final step in depooling (removing United Telephone Company of Florida and Central Telephone Company of Florida from the pool) was to be handled separately, since United and Centel were the only companies which identified revenue losses that they wished to have offset. As a result, Southern Bell, Centel, and United continued to pool until the losses by Centel and United could be addressed. This Docket was left open to complete the depooling process.

II. UNITED'S PROPOSAL

United has filed proposals and tariff revisions to offset the expected revenue losses due to the depooling of intraLATA interexchange private line service. This Order addresses United's proposals and related tariff filing.

A. Revenue Shortfall and Proposed Offsets

United has estimated its revenue shortfall as a result of depooling to be \$2.89 million. Offsets to the revenue shortfall which have already been ordered include United's Special Access Phase III, Local Private Line Phase II, and IntraLATA Toll \$0.25 Set Use Charge and the associated loss of the NPATS surcharge.

The preceding revenue increases fall short of offsetting the estimated \$2.89 million depooling revenue shortfall by \$1.32 million. As a result, United has proposed rate increases to make up the difference. It proposes to increase the rates for Nonpublished Telephone Numbers by \$0.35 (from \$2.00 to \$2.35) and the rates for Directory Assistance by \$0.05 (from \$0.35 to \$0.40). United estimates that the annual revenue impact of these changes are as set forth in the following chart:

	$ Millions
Special Access Phase III	$ .20
Local Private Line Phase II	1.10
IntraLATA Toll $0.25 Set Use Charge	.32
NPATS Surcharge	(.05)
Directory Assistance, + $0.05	.75
Nonpublished Telephone Numbers, + $0.35	.57
	$ 2.89

Special Access Phase III was approved by Order No. PSC-93-0170-FOF-TL, issued February 3, 1993, in Docket No. 890505-TL. Local Private Line Phase II was approved by Order No. PSC-92-0401-FOF-TL, issued May 26, 1992, in Docket No. 911085-TL. The IntraLATA Toll $0.25 Set Use Charge was approved by Order No. 24101 and the our decision at the May 18, 1993 agenda conference, in Docket No. 860723-TL. Directory Assistance and Nonpublished Numbers are additional proposals by United.

B. <u>$0.25 Set Use Charge and NPATS Surcharge</u>

The intraLATA toll $0.25 set use charge was approved by Order No. 24101 and our decision at the May 18, 1993 agenda conference, in Docket No. 860723-TL. As a result, United expects a decrease in revenue associated with the loss of NPATS surcharge message provisioning functions.

Before the intraLATA Toll $0.25 Set Use Charge was approved, United received a surcharge in return for providing billing and collection for the NPATS providers. Since the issuance of the order, United no longer provides billing and collection for the NPATS providers; therefore the Company will lose the revenue associated with the surcharge. The estimated impact due to the loss of the NPATS surcharge is an annual revenue decrease of $0.05 million. The estimated annual revenue impact of the $0.25 set use charge is an increase of $0.32 million. Therefore, the net impact of this proposal is an increase of $0.27 million.

C. <u>Directory Assistance</u>

United's proposed rate increase for Directory Assistance from $0.35 to $0.40 per call is the same increase which we approved in the GTEFL rate case, Docket No. 920188-TL. The increase is proposed for both local and intraLATA Directory Assistance, and the free call allowance associated with local Directory Assistance will not be affected. We find that the increase in the rate for Directory Assistance is appropriate to offset its revenue losses due to depooling. Directory Assistance is a somewhat discretionary service, and an increase in the rate will not widely affect the general body of ratepayers. The annual revenue impact of the increase for United is estimated to be $0.75 million.

D. Nonpublished Telephone Number Service

We find that United's proposed rate increase for Nonpublished Telephone Numbers from $2.00 to $2.35 per month is appropriate to offset its revenue losses. Nonpublished Telephone Number Service is also a discretionary service, thus an increase in the rate will not widely affect the general body of ratepayers. At this time, the lowest rate for Nonpublished Service is $1.00 per month (St. Joseph), and the highest is $2.25 per month (Gulf). Southern Bell's rate is $1.75 per month, and GTEFL's is $2.00 per month. Although the increase would give United the highest Nonpublished rate of any LEC, it would not be out of line with the other LECs. The annual revenue impact of the increase for United is estimated to be $.57 million.

E. Customer Notification

United plans to notify the customers affected by the proposed rate changes to Nonpublished Telephone Number Service and Directory Assistance in two ways. The first notification will be by bill imprint (a message on the bill) for the June 1993 billing cycle. This notification will state that United has proposed rate changes for Nonpublished Numbers and Directory Assistance. The second notification will be by bill imprint for the July billing cycle which will notify the customers that we have approved the proposed changes.

III. CONCLUSION

The revenue shortfall as a result of the depooling of intraLATA interexchange private line service can be offset by United's proposed rate changes. The increase in the rate for Directory Assistance is in line with prior Commission action in the GTEFL rate case, Docket No. 920188-TL. The increase in the rate for Nonpublished Telephone Numbers is appropriate because it is a discretionary service and will not widely affect the general body of ratepayers. In addition, the proposed rates for Nonpublished Service are not out of line with the other LECs. We have previously ordered the other offsets (Special Access Phase III, Local Private Line Phase II, and the IntraLATA Toll $0.25 Set Use Charge). In this case we find the proposal and the tariff filing to be appropriate and shall approve United's proposed private line depooling revenue offsets and related tariff revisions. The effective date for the depooling and the tariff revisions, shall be July 1, 1993.

Therefore, it is

ORDERED by the Florida Public Service Commission that United's proposed private line depooling revenue offsets and related tariff revisions are hereby approved. The effective date of the depooling and of the tariff revisions shall be July 1, 1993. It is further

ORDERED that in the event of a timely protest, the tariff shall remain in effect with any increase in revenue held subject to refund pending the resolution of the protest. The Docket shall remain open to address Centel's proposed revenue offsets.

By ORDER of the Florida Public Service Commission, this 6th day of July, 1993.

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 July 27, 1993.

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.