

# Alabama Public Service Commission

BELLSOUTH TELECOMMUNICATIONS, INC.

PETITION: For approval to introduce a Flat Rate Threshold Pricing Plan and make other changes to ISDN Business Service and ISDN Residence Service

DOCKET 25914

## FURTHER ORDER

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BY THE COMMISSION:

By filing received March 18, 1997, with a requested effective date of April 21, 1997, Petitioner BellSouth Telecommunications, Inc. (hereinafter referred to as "BST" or "the Company"), petitioned the Alabama Public Service Commission (hereinafter referred to as "the Commission") for approval of revisions to its existing Tariff as set out herein:

### GENERAL SUBSCRIBER SERVICE TARIFF

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Section A42, Fifth Revised Page 3

Section A42, Third Revised Pages 3.1 and 4

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These proposed tariff revisions will permit existing subscribers to these service offerings to maintain service under standard obsolescence conditions. In addition, the proposed tariff revisions introduce a Flat Rate Threshold Pricing Plan, four EZ Service Packages, a Rate Stability Plan and make various changes to the ISDN Business Service and ISDN Residence service tariffs.

By letter received April 14, 1997, HiWAAY Information Services (HiWAAY"), an Internet service provider, filed with this Commission a Petition to Intervene and Motion to Suspend and Set for Hearing. By Order dated April 21, 1997, the tariff was suspended for four (4) months from the requested effective date to and through August 20, 1997.

By Notice dated April 25, 1997, this matter was set for hearing on May 15, 1997. The May 15 hearing date was later changed by the Commission's May 6, 1997 notification setting the matter for hearing on June 16, 1997. The morning of the hearing, Petitions to Intervene were filed by the Attorney General's Office, as well as Network Technologies, a network services consulting company. These Petitions to Intervene were granted at the hearing. Hearing was held on June 16, 1997, commencing at 9:00 a.m. and was concluded that same day.

At the hearing, BST presented the testimony of Franklin Dwight Rice. Mr. Mark Derrick testified on behalf of HiWAAY. Mr. Jones Andreasen testified on behalf on Network Technologies. Also, a public statement was received from Mr. Roger W. Cain, an Alabama consumer of BST's business ISDN service.

#### Contested Issues

At the public hearing, the primary issues were: 1) the need for a threshold pricing plan for ISDN services in Alabama; 2) the unavailability of an Area Calling Service ("ACS") option with the threshold pricing plan; and, 3) purportedly high prices for residential ISDN service.

Regarding the need for a threshold pricing plan, Mr. Rice testified that BST's development of the plan was in response to network blockage problems caused by unanticipated high levels of ISDN usage experienced in other states served by BST. Although such problems had not yet occurred in Alabama, once the network blockage problems were experienced in other

states, BST added additional facilities in Alabama to prevent network blockage problems like those experienced in the other states. Mr. Rice further stated: i) that the additional facilities were not anticipated when ISDN was introduced; ii) that the associated costs were not included in the ISDN cost studies; and, iii) that continuing to add new facilities in order to prevent network blockage problems in the future would ultimately lead to increases in existing ISDN prices.

Mr. Rice testified that approval of the proposed tariff with the threshold pricing plan should reduce those instances of BST having to add facilities to prevent network blockages caused by unanticipated high levels of ISDN usage. Because of the threshold pricing parameters, customers who require 24-hour connectivity will migrate to other available tariffed private line services designed specifically for 24-hour connectivity. Customers who do not require 24-hour connectivity will have switched ISDN services available to satisfy their telecommunications requirements. Mr. Rice emphasized that existing customers of ISDN services are grandfathered under the proposed tariff, and thus, do not have to subscribe to the threshold pricing plan.

Regarding the unavailability of an ACS-type option for the threshold pricing plan, Mr. Rice, in response to Mr. Derrick's concern about the apparent deletion of the ACS-type option from the threshold plan, explained that BST's present billing system will not permit the billing of two different measurements for the same service (i.e., billing an ACS-type option for existing ISDN customers and billing an ACS-type option for customers subscribing to the ISDN threshold pricing plan). Mr. Rice testified, however, that BST was working on a solution to the billing problem and that a resolution was expected "early next year". (Tr. p. 23)

On the final issue, Mr. Derrick testified that it was his opinion that the prices for residential ISDN were too high and that he would propose a reduction in those prices. Mr. Rice, while not agreeing that BST's prices were too high for residential ISDN service, testified that BST was developing an economy pricing plan for residential ISDN customers in order to provide increased options for its residential customers. Mr. Rice emphasized once again that existing customers of ISDN services are grandfathered under the proposed tariff, and thus, do not have to subscribe to the threshold pricing plan.

One intervenor testified that subscribers in a temporary location would lose the grandfathering provisions for their existing flat-rate ISDN service if the proposed tariff revisions became effective prior to their relocation to a permanent location. This situation is likely to occur when a permanent dwelling is in the process of construction or when a business is preparing to occupy new facilities via construction or lease. The Commission believes that in such situations where customers are in transition to a permanent service site, that they should reasonably be permitted to retain the grandfathered provisions of the proposed tariff. The Commission believes that most of these situations can be resolved by allowing moves of existing services for a period not to exceed 120 days from the effective date of the tariff. The Commission retains the right to extend this period on a case-by-case basis.

Commission Decision

Upon conclusion of the hearing and extensive review of the record, the Commission finds the tariff changes at issue are in the public interest and are hereby approved. The tariff offers additional pricing options to meet the needs of ISDN customers as well as assisting in BST's efforts to prevent unnecessary network blockages. However, the Commission also finds that the public interest will best be served by delaying the implementation of this tariff until such time as an Area Calling Service ("ACS") option available to ISDN threshold pricing plan subscribers is developed and tariffed by BST and approved by the Commission. Further, the Commission finds it to be in the public interest to require BST to develop an ACS option which will be available for ISDN threshold pricing plan subscribers. The Commission hereby orders BST to complete development of and tariff such a service option no later than the end of the first quarter of 1998 (March 31, 1998).

Moreover, the Commission finds it in the public interest to develop an additional ISDN option (hereinafter referred to as the "Economy Option") specifically for residential subscribers of Basic Rate ISDN service. This option shall offer reduced threshold allowances and reduced monthly recurring rates. The Commission hereby orders BST to complete development of and tariff such an Economy Option for residential customers no later than the end of the first quarter of 1998 (March 31, 1998).

IT IS, THEREFORE, ORDERED BY THE COMMISSION, That the March 18, 1997 tariff filing of BST discussed herein is hereby approved, to become effective upon Commission approval of an ACS option for ISDN subscribers as discussed herein.

IT IS FURTHER ORDERED BY THE COMMISSION, That BST develop the ACS and Economy options for ISDN subscribers as discussed herein.

IT IS FURTHER ORDERED BY THE COMMISSION, That BST comply with the 120-day transition period as set out above.

IT IS FURTHER ORDERED, That this Order shall be effective as of the date hereof.

DONE at Montgomery, Alabama, this 20th day of August, 1997.

ALABAMA PUBLIC SERVICE COMMISSION

Jim Sullivan, President

Jan Cook, Commissioner

Charles B. Martin, Commissioner

ATTEST: A True Copy

Walter L. Thomas, Jr., Secretary

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