

**LOUISIANA PUBLIC SERVICE COMMISSION  
ADMINISTRATIVE HEARINGS DIVISION**

**ORDER NO. U-22514**

**BELLSOUTH TELECOMMUNICATIONS, INC.  
EX PARTE**

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*Docket No. U-22514. In Re: Revisions to Access Service Tariff and General Subscriber Service Tariff for the Implementation of IntraLATA Toll Equal Access Subscription.*

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(Decided at Open Session held February 18, 1998)

**NATURE OF THE CASE**

BellSouth Telecommunications, Inc. ("BellSouth" or "BST") filed an Access Tariff and General Subscriber Services Tariff to implement IntraLATA toll dialing parity in Louisiana coincident with BST's provision of interLATA toll services in Louisiana, or three years after the enactment of the Telecommunications Act of 1996, whichever is earlier. Docket No. U-22514 was opened upon AT&T Communications of the South Central States, inc. ("AT&T") and MCI Telecommunications, Inc. ("MCI") filing Notices of Intervention objecting to a number of provisions of the Tariff.

BellSouth will implement the full two Primary Interexchange Carrier (PIC) selection in all of its switches. Customers will be able to subscribe to one telecommunications carrier for interLATA toll calls and to a different carrier, if the customer so chooses, for IntraLATA toll calls. BellSouth will provide IntraLATA toll dialing parity coincident with its provision of interLATA toll services in Louisiana.(or three years from passage of the Telecommunications Act of 1996, if that should occur first) BellSouth stated that it developed an incremental cost study to determine the projected costs to provide 1+ IntraLATA subscription in Louisiana, and then divided the estimated costs by the present worth of demand for a four year recovery period. BellSouth's estimated cost for providing 1+ IntraLATA Subscription is \$2,717,909. BellSouth proposes to true-up the cost recovery rate element on an annual basis. (Hendrix, Prefile Rebut at 3).

The primary objections raised by Intervenors and Staff were to BellSouth Tariff provisions allocating its identified 1+ IntraLATA implementation costs to terminating as well as to originating IntraLATA minutes; to the increased cost for a separate direct customer notification, rather than notification using less costly bill inserts; to the lack of a specific date on which the cost recovery rate element will expire; and to the imposition of an unauthorized PIC change charge prior to any investigation of the charge.

**PROCEDURAL BACKGROUND**

On April 14, 1997 BellSouth Telecommunications, Inc. ("BellSouth" or "BST") filed an Access Tariff and General Subscriber Services Tariff to implement IntraLATA toll dialing parity in Louisiana coincident with BST's provision of interLATA toll services in Louisiana, or three years after the enactment of the Telecommunications Act of 1996, whichever is earlier. Notice of this filing was published in the Commission's Official on May 2, 1997 as an undocketed matter. Docket No. U-22514 was opened upon AT&T Communications of the South Central States, inc. ("AT&T") and

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Presubscription

MCI Telecommunications, Inc. ("MCI") filing Notices of Intervention objecting to a number of provisions of the Tariff on May 5, 1997. A Notice of Assignment was issued on June 23, 1997 and a Status conference, conducted on July 14, 1997, established the following procedural dates: Data Request were issued on August 4, 1997; Responses were received on August 18, 1997; Prefiled Testimony was scheduled to be received on September third and eleventh, but due to a continuance requested by Staff, and then MCI, was actually received on October 29, and November 7, 1997. Hearing was held on November 12, 1997, the parties agreed to waive the filling of exceptions. Post Hearing Briefs were filed on December 4, 1997.

The Administrative Law Judge filed a recommendation on December 31, 1997, recommending that BellSouth Telecommunications, Inc.'s Access Tariff and General Subscribers Services Tariff for the Implementation of IntraLATA Toll Equal Access Subscription be accepted, subject to the following modifications:

- #1 The costs incurred in making IntraLATA Presubscription available should be recovered based, not as originally suggested by BellSouth on Originating and Terminating Minutes of Use, but rather on originating IntraLATA minutes of use, as required by LPSC Order No. U-17949-F, In Re: Regulations for IntraLATA 1+0+ Equal Access Presubscription.
- #2 Recovery of the cost of written notification regarding the availability of IntraLATA Presubscription should be limited to the cost of providing a bill insert to customers. (As required by Sec. 701(A)(1) of the Commissions Regulations for IntraLATA 1+0+ Equal Access Presubscription.)
- #3 Sec. 801(C) of the Commission's Presubscription Regulations requires that all separate intrastate presubscription costs be amortized over four years. BellSouth has agreed to, and should be directed to, include a corresponding four year termination date under the currently proposed Tariff.
- #4 BellSouth's Tariff should be amended to provide separate charges for manual and electronic subscription changes. BST's expert testified that the cost of an electronic change is \$.56, while the cost of a manual change is in excess of \$3.00. BellSouth proposed a weighted combined charge of \$1.49. The information in BST's study of the relative number of manual versus electronic changes is outdated (apparently in excess of seven years old) in a rapidly changing area. It would be unreasonable to rely on this outdated study. Separating the two types of charges would eliminate the need to continually update the weighting of manual and electronic changes. BellSouth would receive full cost reimbursement with separate charges, and carriers who make electronic changes would not be subsidizing costs for those who make manual changes.
- #5 BellSouth's cost recovery rate of \$0.000331 should be revised in conformity with the above recommended modifications.
- #6 BellSouth should be permitted to immediately make intraLATA PIC changes to accommodate customer requests, and to assess the regular PIC change cost at that point. However, BellSouth is an interested party in the IntraLATA PIC change market. Therefore, BellSouth should be required to obtain verification of the requested change in a manner consistent with LPSC's Rules for Changing Telecommunications Customer's Preferred Carrier. Such verification shall be retained for a minimum of one year, and will provide a basis for the assessment of any unauthorized PIC change charge. With the addition of this safeguard, it is not necessarily unreasonable to allow collection of an unauthorized charge, which would be subject to refund, upon submission of evidence of authorization.

The Commission considered the matter at the February 18, 1998 Business and Executive Session. At the Business and Executive Session, Staff recommended that the Commission adopt the Administrative Law Judge's Recommendations with the exception of Recommendation #1. With respect to Recommendation #1, the Staff proposed that instead of allowing the cost recovery through all originating IntraLATA minutes of use for the entire four year recovery period, that for the first two years, the cost recovery would be based on originating IntraLATA minutes of use and for the following two years, the cost recovery would be based on Intrastate minutes of use.

On motion of Commissioner Sittig, seconded by Commissioner Dixon, and unanimously adopted, the Commission voted to accept the Administrative Law Judge's recommendation, with Staff's proposed amendments.

## **CONTENTIONS OF THE PARTIES**

BellSouth Telecommunications, Inc. asked that the Commission approve its tariff filed April 14, 1997, to implement intraLATA equal access toll subscription. To provision intraLATA toll dialing parity in Louisiana, BST will implement full two-PIC (Primary Interexchange Carrier) selection in all of its switches. Customers will be able to subscribe to one carrier for interLATA toll calls and to a different carrier for IntraLATA toll calls, if the customer so desires. BellSouth's estimated cost for providing 1+ IntraLATA Subscription is \$2,717,909. This cost includes incremental expenditures for hardware and software related to the provision of IntraLATA equal access, and administration costs such as customer notification, business office and equal access administration. The customer notification cost is based on using direct mail. (Hendrix, Prefile Rebut at 4) Also included in the cost are the costs associated with the provision of one free subscription change during the first year. (As required by Sec. 701. D of the Commission's Competition Regulations) (Hendrix, Rebut at 5) BellSouth used originating and terminating switched access intrastate minutes of use plus BellSouth's IntraLATA toll minutes of use converted to equivalent access minutes of use to determine the demand for the denominator of the cost recovery rate equation. (Hendrix, Rebut at 5-6)

No party has challenged the manner in which BST proposes to provide intraLATA dialing parity. However, intervenors have raised a number of issues regarding BST's tariff. In response to intervenor's concerns, BST has agreed to include a specific termination date, four years after implementation of the service, in the tariff. BST continues to believe that using originating and terminating access minutes to recover the costs associated with the implementation of intraLATA toll dialing parity is more equitable. However, in view of existing Commission Presubscription Regulations, BST has agreed to modify the tariff to permit cost recovery on originating minutes only.

BellSouth stated that it cannot comply with Section 701.D of the Commission's Order which requires that a notice "shall be provided to existing customers as a bill insert at least 30 days prior to the implementation of Presubscription in their exchange." and, at the same time, Section 501.B which requires that intraLATA toll dialing parity be implemented in Louisiana "within 30 days of the earlier of the date of authority to provide interLATA service under 47 USCA 271 or three years from the enactment of the Telecommunications Act of 1996..." Bill inserts take place throughout a thirty day period, "The best scenario available is for BST to notify customers via a direct mail piece as soon as possible after it obtains interLATA authority..." (BST Post-Hearing Brief at 5) BST would be willing to revise its cost estimate which was prepared on the basis of using the more expensive direct mailings, if BST is given more time to do the bill inserts or if the Commission were to eliminate the 30 day advance notification requirement.

BST stated that its proposal for cost recovery is appropriate and its proposal regarding unauthorized PIC change charges is reasonable.

The testimony of AT&T's expert, Mr G. Michael Harper was for the stated purpose of recommending that the Commission require BellSouth to revise its dialing parity plan (I) to allocate

its identified 1+ IntraLATA implementation costs only to originating IntraLATA minutes subject to IntraLATA Presubscription, (ii) to remove the charge for a separate customer notification mailing if this mailing is not required by the Commission, and (iii) to include, in its tariff, a specific date on which the cost recovery rate element will expire. (Harper, Direct at 2) Furthermore, according to AT&T, BellSouth's suggested cost recoveries are based on out-dated information regarding percentage of electronic, versus manual PIC changes. This out-dated ratios unnecessarily inflate the costs.

Mr. Harper pointed out that allocation of implementation cost to both originating and terminating minutes is not consistent with the Commission's Regulations for IntraLATA 1+/0+ Equal Access Presubscription, which requires that costs should be recovered on originating minutes. In addition, it is AT&T's view that recovery based on total intrastate minutes places an inequitable burden on Interexchange carriers ("IXCs") as they currently carry the majority of interLATA minutes in Louisiana, and thus the IXCs would pick up the majority of the implementation costs regardless of the percentage of IntraLATA minutes that the IXCs complete. (Harper, Direct at 2 and 4) The reasoning behind allocation of costs to originating intraLATA minutes only is that each participating intraLATA carrier is assessed based on the proportionate use of its customer's intraLATA calling. It is unfair to shift presubscription implementation costs to local exchange, long distance, or Internet customers who may never originate an intraLATA toll call.

AT&T opposed BellSouth's composite PIC change charge of \$1.49, and suggested that the tariff should include separate charges for electronic and manual changes. BellSouth weighted the charges for electronic changes at \$.56 and manual at more than \$3.00, based on information in a report dated 1990. (Tr at 61) This old information does not accurately represent the proportion of electronic changes that are made today, and thus inflates the cost, resulting in BellSouth's over collection.

MCI also objected to recovery including terminating minutes of use and interLATA minutes of use, and stated that BellSouth's proposed cost allocation is not competitively neutral as a company's cost would not be based on its share of the revenue from the intraLATA market. MCI stated that the companies that receive the intraLATA revenues should bear the cost associated with opening the intraLATA market. As an entrant's share of intraLATA revenue increases, so would its share of presubscription costs. (Tr at 139) "It also ensures that those carriers who obtain no benefit from the intraLATA market are not forced to subsidize its opening." (MCI Post-Hearing Brief at 2)

Commission regulations require that BellSouth provide its customers, via bill inserts, with at least 30 days notice of the availability of presubscription, before commencing service. BST argued that, because of staggered billing, it was preferable to use direct mailing. MCI replied that BST could begin bill inserts 60 days prior to the date BellSouth intends to exercise authority to provide interLATA services. "The bottom line is not that BellSouth cannot comply with the Commission's rule, but that it does not want to comply with the rule based on its marketing plans." (MCI Post-Hearing Brief at 3-4) The cost for direct mail is in excess of \$800,000, while the cost of a bill insert is around \$90,000. BellSouth is asking Louisiana customers to subsidize an extra \$700,000.

MCI pointed out that BST's proposed charges for PIC changes was computed using out-dated information. The information used to compute these costs could change daily in this rapidly evolving field. As more customers become aware and use electronic PIC changes, the relative percentage of manual to electronic changes drops. MCI asks that BellSouth be required to file current cost studies for its PIC change charges.

MCI objected to BST's proposal to assess an unauthorized PIC change charge on its competitors before the matter is investigated. MCI urged that the customer's current carriers should be timely notified and given the opportunity to provide proof that the change was authorized before a charge for an unauthorized change is imposed. While it is the customer who initiates the complaint, and, according to BST, makes the determination, it is BellSouth who investigates the complaint and

assesses the charge for unauthorized PIC change. According to MCI, the customer's carrier should be involved in the process to remove the incentive and ability of BellSouth to engage in anti-competitive behavior.

Staff objected to BellSouth's proposed tariff on the grounds that the tariff violates the LPSC Regulation for IntraLATA 1+/0+ Equal Access Presubscription adopted April 25, 1996. The Tariff attempts to recover costs based on both originating and terminating minutes, whereas the regulations provide for recovery based on originating minutes of use. BellSouth's tariff is therefore, in Staff's view, invalid. Staff pointed out that the recent eight circuit decision in *People of the State of California, et. al v. The FCC, et al.*, 120 F. 3d 753 (8th Cir. 1997) affirmed that IntraLATA presubscription regulations are within the exclusive control of the States.

Secondly, Staff argued, the Regulations require written notification of the availability of IntraLATA Presubscription via bill insert, at least 30 days in advance of commencement of service. Staff stated that since the Regulations require notification via bit insert, BST's attempt to recover cost associated with direct mailing is inappropriate, and it is irrelevant that BST might prefer to use direct mail.

## FINDINGS OF FACT

1. To provision intraLATA toll dialing parity in Louisiana, BST will implement full two-PIC (Primary Interexchange Carrier) carrier selection in all of its switches.
2. Customers will be able to subscribe to one carrier for interLATA toll calls and a to a different carrier for IntraLATA toll calls, if the customer so desires.
3. On April 14, 1997 BellSouth Telecommunications, Inc. ("BellSouth" or "BST") filed an Access Tariff and General Subscriber Services Tariff to implement IntraLATA toll dialing parity in Louisiana coincident with BST's provision of interLATA toll services in Louisiana, or three years after the enactment of the Telecommunications Act of 1996, whichever is earlier
4. On April 25, 1996, the LPSC adopted its Regulations for IntraLATA 1+0+ Equal Access Presubscription. These regulations set out specific requirements for intraLATA Presubscription and associated services tariffs.
5. In *People of the State of California, et al v. The FCC, et al.*, 120 F. 3d 753 (8th Cir. 1997) the United States Court of Appeals for the Eighth Circuit affirmed that regulations concerning IntraLATA presubscription are within the exclusive control of the states.
6. Section 701(A)(1) of the LPSC Regulations provides that: each local exchange carrier shall provide written notice to its customers that Presubscription is available by providing written notice as a bill insert at least 30 days before implementing Presubscription in their exchange.
7. As filed, BellSouth's Presubscription Tariff's cost recovery rate includes expenses for direct mail, rather than bill insert notifications of the availability of IntraLATA Presubscription.
8. The cost for bill insert notification is approximately \$90,000 The cost of direct mail customer notification is approximately \$800,000 (Tr at 96-67, 118).
9. Section 801(B) of the LPSC Regulations provides that: "Costs shall be recovered through a

Commission-approved switch access per minute of use charge applied to all originating switched access minutes generated on all lines presubscribed for IntraLATA toll service.

10. BST's tariff, as filed, provides for cost recovery on both originating and terminating minutes.
11. Originating minutes of use are more reflective of the actual cost of implementing intraLATA presubscription as the originating customer is using the IntraLATA carrier that has been selected, whereas terminating minutes may come from any carrier. (Tr at 137-138)
12. BST has agreed to modify its Presubscription tariff to permit cost recovery on originating minutes only. (Tr at 104) (Post-Hearing Brief, BST at p 4)
13. Section 801 © of the LPSC Regulations provides that each ILEC amortize all separate intrastate presubscription costs over a four year recovery period.
14. BST has agreed to incorporate a specific termination date for its Presubscription Tariff, of four years after the tariff's effective date, into the tariff. (Tr at 107)
15. BST stated that it had developed an incremental cost study to determine the projected costs to provide intraLATA toll dialing parity in Louisiana. Based on that study, BST estimates the total cost to be \$2,717,909. (Hendrix Prefiled at p 4)
16. BST stated that this estimate included costs associated with the incremental subscription and incremental expenditures for hardware and software. The cost associated with the provision of one free subscription for the period of one year. (as required in Section 701.D of LPSC Presubscription Regulations)
17. BST will submit an annual report to the Commission documenting costs incurred and the extent to which the costs have been recovered. (As outlined in Section 801 (D) of LPSC Regulations.) (Prefile Hendrix at 5)
18. BST stated that it had divided its estimated cost of implementing intraLATA dialing parity by the present worth of demand for a four year recovery. The result was a equal access subscription cost recovery rate of \$0.000331. (Prefile Hendrix at 3 )
19. BST will true up the cost recovery elements on an annual basis. (Prefile Hendrix at 3)
20. According to BST, the cost to process an electronic PIC change is \$0.56, while the cost to process a manual order is in excess of \$3.00. (Tr at 27,33)
21. BST proposed a composite rate for all PIC change order of \$1.49, based on the relative percentages of electronic and manual orders at the time the BST study was done. (Tr at 22-23)
22. The date found on the study was 1990, which suggests that it is likely that the data employed for the PIC change study was more than seven years old. (Tr at 61)
23. BST's witness conceded that as more customers use the electronic method, the per unit costs for PIC changes decreases. (Tr at 26)

24. Because electronic changes cost less than manual changes, the outdated information in BST's Study, by preserving electronic to manual ratios of an earlier period, overstates current and future PIC change costs.
25. BST proposes to assess a \$19.41 unauthorized PIC change charge on competitors prior to notifying competitors of the complaint, and providing any opportunity for the competitor to submit proof of authorization. The appropriateness of such a charge, the proper recipient for such a charge, or the amount of such a charge are not at issue in this docket. The only issue that has been raised is the timing of an unauthorized PIC change charge, whether it should be assessed immediately, or only after notification and investigation.
26. BST has stated that the Company would be willing to discuss postponing assessing the unauthorized PIC change charge until the carrier has an opportunity to submit proof of authorization. However, BST wants any such discussion to be on a regional level.
27. Previously BellSouth was not an interested party as regards PIC changes.
28. Unauthorized changes are a significant and growing problem; a readily available deterrent to unauthorized changes and an easily administered system of assessing unauthorized PIC change charges is desirable.
29. BellSouth is an interested party in the IntraLATA PIC change market. Therefore, BellSouth should be required to obtain verification of the requested change in a manner consistent with LPSC's Rules for Changing Telecommunications Customer's Preferred Long Distance Carrier. Such verification shall be retained for a minimum of one year, and will provide a basis for the assessment of any unauthorized PIC change charge.
30. Collection of an unauthorized charge will be subject to refund, upon submission of evidence of authorization. Notification will be provided to the alleged "slamming" carrier, with an opportunity to submit proof of authorization.

## CONCLUSIONS

BellSouth Telecommunications, Inc.'s Access Tariff and General Subscribers Services Tariff for the Implementation of IntraLATA Toll Equal Access Subscription is accepted subject to a number of modifications, including 1) the recovery of IntraLATA Presubscription costs based on originating IntraLATA minutes of use for the initial two years and recovery based on Intrastate minutes of use for the following two years, 2) a four year termination date for the recovery of these costs, 3) recovery of the cost of written notification of the availability of IntraLATA Presubscription based on the price of bill inserts, 4) the provision of separate charges for manual and electronic subscription changes, and 5) verification of a requested PIC change consistent with LPSC's Rules for Changing a Telecommunications Customer's Preferred Carrier, with the provision of an opportunity for the submission of proof of authorization and refund of inappropriate unauthorized PIC change charge.

During the course of the proceeding, BellSouth agreed to recovery of cost based on originating minutes only rather than originating and terminating minutes as proposed in their tariff submission. Recovery based on originating minutes provides the best match of expense and benefit, as the originating carrier will be benefitting from presubscription, whereas the terminating carrier would otherwise be assessed an additional charge, and that carrier may or may not have any customers presubscribed.

BellSouth agreed to include a termination date of four years from implementation for recovery of costs under the proposed tariff. Section 801 © of the Commission's existing Presubscription Regulations requires that each ILEC amortize all separate intrastate presubscription costs over a four

year recovery period.

Recovery of the cost of written notification regarding the availability of IntraLATA Presubscription is limited to the cost of providing a bill insert to customers, as required by Sec. 701(A)(1) of the Commissions Regulations for IntraLATA 1+/0+ Equal Access Presubscription. Section 701(A)(1) of the LPSC Regulations provides that: each local exchange carrier shall provide written notice to its customers that Presubscription is available by providing written notice as a bill insert at least 30 days before implementing Presubscription in their exchange. As filed, BellSouth's Presubscription Tariff's cost recovery rate includes expenses for direct mail, rather than bill insert notifications of the availability of IntraLATA Presubscription.

Commission regulations require that BellSouth provide its customers, via bill inserts, with at least 30 days notice of the availability of presubscription, before commencing service. BST argued that, because of staggered billing, it was preferable to use direct mailing. MCI replies that BST could begin bill inserts 60 days prior to the date BellSouth intends to exercise authority to provide interLATA services. "The bottom line is not that BellSouth cannot comply with the Commission's rule but that it does not want to comply with the rule based on its marketing plans." (MCI Post-Hearing Brief at 3-4) The cost for direct mail is in excess of \$800,000, while the cost of a bill insert is around \$90,000. BellSouth is asking Louisiana customers to subsidize an extra \$700,000. Commission regulations do not require exactly a 30 day notice of the availability of IntraLATA Presubscription, rather, the requirement is **at least** 30 days. BellSouth is free to begin the notification sequence earlier than 30 days before the commencement of Presubscription.

Direct mailing would provide notice to customers of the availability of IntraLATA Presubscription. It is, however, not authorized under current Commission rules. It might not be unreasonable to consider BST's request to provide the written notice by direct mailing rather than bill inserts, if BST were to pay the difference between the direct mail price and the bill insert price. However, as the purpose of this alternate notification is to facilitate BST's competitive marketing plan, it would be unreasonable to ask either ratepayers or competitors to fund the excess cost for direct mailing.

BellSouth's Tariff shall amended to provide separate charges for manual and electronic subscription changes. BST's expert testified that the cost of an electronic change is \$.56, while the cost of a manual change is in excess of \$3.00. BellSouth proposed a composite rate for all PIC change order of \$1.49 based on the relative percentages of electronic and manual orders at the time the study was done. The information in BST's study of the relative number of manual versus electronic changes is outdated in a rapidly changing area. The date found on the study was 1990, which suggests that it is likely that the data employed for the PIC change study was more than seven years old. BST's witness conceded that as more customers use the electronic method, the per unit costs for PIC changes decreases. Because electronic changes cost less than manual changes, the outdated information in BST's Study, by preserving electronic to manual ratios of an earlier period, overstates current and future PIC change costs. It would be unreasonable to rely on this outdated study. MCI suggested that BST be required to do a new study of the proportion of manual and electronic changes and the weighted cost for these changes. AT&T suggested that separate manual and electronic charges be incorporated into BST's tariff. Separating the two types of charges is the preferable approach. Such separating of manual and electronic change charges eliminates the need to continually update the Study weighting of manual and electronic changes. BellSouth will receive full cost reimbursement, and no more, with separate manual and electronic charges, and carriers who make electronic changes would not be subsidizing costs for those who make manual changes.

MCI objected to BST's proposal to assess an unauthorized PIC change charge on its competitors before the matter is investigated. MCI urged that the customer's current carriers should be timely notified and given the opportunity to provide proof that the change was authorized before a charge for an unauthorized change is imposed. While it is the customer who initiates the complaint, and, according to BST, makes the determination, it is BellSouth who investigates the complaint and assesses the charge for unauthorized PIC change. This Tribunal is concerned that the unauthorized

PIC change charge is levied, by in this instance what is now a competing carrier, prior to the opposing carrier being given the opportunity to present any defense to the charge which is in the nature of a fine. Previously BellSouth was not an interested party as regards PIC changes. On the other hand, unauthorized changes are a significant and growing problem, and a readily available deterrent to unauthorized changes and an easily administered system of assessing unauthorized PIC change charges is desirable. BellSouth has stated that the Company would be willing to discuss timing of the unauthorized PIC change charge with its carrier customers, but would prefer to do so on a region wide basis. BellSouth is directed to immediately begin discussions with its carrier customers in Louisiana, whether or not other states take part, to formulate a satisfactory arrangement.

BellSouth is permitted to immediately make intraLATA PIC changes to accommodate customer requests and to assess the regular PIC change cost at that point. However, BellSouth is an interested party in the IntraLATA PIC change market. Therefore, BellSouth is required to obtain verification of the requested change in a manner consistent with LPSC's Rules for Changing Telecommunications Customer's Preferred Long Distance Carrier. Such verification shall be retained for a minimum of one year, and will provide a basis for the assessment of any unauthorized PIC change charge. With the addition of this safeguard, it is not unreasonable to allow collection of an unauthorized charge, which would be subject to refund, upon submission of evidence of authorization. Notification must be provided to the alleged "slamming" carrier, with an opportunity to submit proof of authorization.

BellSouth's cost recovery rate of \$0.000331 is to be revised in conformity with the above modifications

#### **IT IS THEREFORE ORDERED THAT**

BellSouth Telecommunication, Inc's Access Service Tariff and General Subscriber Service Tariff for the Implementation of IntraLATA Toll Equal Access Subscription is accepted subject to the following modifications:

1. The costs incurred in making IntraLATA Presubscription available will be recovered based on originating IntraLATA minutes of use for the first two year recovery period and on originating Intrastate minutes of use for the second two year recovery period.
2. Recovery of the cost of written notification regarding the availability of IntraLATA Presubscription is limited to the cost of providing a bill insert to customers, in accordance with Sec. 701(A)(1) of the Regulations.
3. BellSouth shall include a termination date at the end of the four year recovery period in accordance with Sec. 801(c) of the Commission's Presubscription Regulations.
4. Separate charges for manual and electronic subscription changes shall be included rather than a weighted average of each.
5. BellSouth's cost recovery rate of \$0.000331 shall be revised in conformity with the above recommended modifications.
6. BellSouth will be permitted to immediately make IntraLATA PIC changes to accommodate customer requests and to assess the regular PIC change charge at that time. However, BellSouth shall obtain verification of a requested PIC change in a manner consistent with LPSC's Rules for Changing a Telecommunications Customer's Preferred Carrier. Such verification shall be retained for a minimum of one year and will provide a basis for the assessment of any unauthorized PIC

change charge. Collection of an unauthorized charge will be subject to refund upon submission of evidence of authorization.

**BY ORDER OF THE COMMISSION  
BATON ROUGE, LOUISIANA**

March 26, 1998

/S/ DON OWEN

DON OWEN, CHAIRMAN  
DISTRICT V

/S/ IRMA MUSE DIXON

IRMA MUSE DIXON, VICE-CHAIRMAN  
DISTRICT III

/S/ C. DALE SITTIG

C. DALE SITTIG, COMMISSIONER  
DISTRICT IV

/S/ JAMES M. FIELD

JAMES M. FIELD, COMMISSIONER  
DISTRICT II

/S/ LAWRENCE C. ST. BLANC  
SECRETARY

/S/ JACK "JAY" A. BLOSSMAN, JR.

JACK "JAY" A. BLOSSMAN, JR., COMMISSIONER  
DISTRICT I