

BellSouth Corporation
Suite 900
1133-21st Street, N.W.
Washington, DC 20036-3351

kathleen.levitz@bellsouth.com

Kathleen B. Levitz
Vice President-Federal Regulatory

202 463 4113
Fax 202 463 4198

May 14, 2002

WRITTEN EX PARTE

Ms Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 02-35

Dear Ms Dortch:

On May 7, 2002, at the request of the Common Carrier Bureau staff, BellSouth submitted a letter to respond to issues raised in a written *ex parte* filed by MCI-WorldCom (MCI/WC) on April 29, 2002. I am filing this *ex parte* in response to a staff request for a copy of an order of the Georgia Public Service Commission (GPSC) to which BellSouth alluded on page two of the Attachment to that letter and to correct a related misstatement.

The BellSouth May 7 *ex parte* explained that in Georgia, the scope of the local calling area for BellSouth retail customers taking flat-rate local service is smaller than the local calling area for those taking measured-rate local service and that BellSouth used the measured rate local calling area as the basis for developing the local calling area for local switching, and thus for UNE-P. In the Attachment to the *ex parte*, at p.2, BellSouth offered the following explanation for the difference in the scope of the two local calling areas "In the case of Georgia, we were ordered to change only the measured rate calling area when the GA PSC ordered new mandatory expanded local calling areas as a result of the 1995 GA statute."

In our research to find the GPSC order described above, BellSouth determined that in fact, it was in a 1991 rate case that the GPSC adopted a local calling area for measured-rate customers that exceeded the geographic scope of the local calling area applicable to flat-rate customers. I am attaching a copy of that GPSC Order, adopted on December 18, 1991 Order in Docket 3905-U.

In accordance with Section 1.1206, I am filing two copies of this *ex parte* and attachment and request that you please place them in the record of the proceeding identified above. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen B. Levitz".

Kathleen B. Levitz

Attachment

cc: Michelle Carey
Renee Crittenden
Ian Dillner
Susan Pié
James Davis-Smith

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Georgia Public Service Commission

244 WASHINGTON STREET, S.W.
ATLANTA, GEORGIA 30334-5701

DOCKET NO. 3905-U

FOURTH AMENDATORY ORDER FOR FINAL RATE DESIGN

DEC 18 1991

Executive Secretary
Georgia Public Service Commission

IN RE: The Commission's Rule Nisi Investigation to Adjust Intrastate Rates and Charges for Telephone Service in the State of Georgia for Southern Bell Telephone and Telegraph Company.

RECORD SUBMITTED:	June 27, 1990
ADMINISTRATIVE DECISION:	June 28, 1990
INITIAL ORDER:	June 29, 1990
ADMINISTRATIVE DECISION REGARDING STIPULATION:	September 18, 1990
ORDER ADOPTING THE STIPULATION:	September 28, 1990
ADMINISTRATIVE DECISION REGARDING FINAL RATE DESIGN:	December 4, 1990
ORDER ADOPTING FINAL RATE DESIGN:	December 14, 1990
AMENDATORY ORDER FOR FINAL RATE DESIGN:	February 19, 1991
SECOND AMENDATORY ORDER FOR FINAL RATE DESIGN:	March 19, 1991
THIRD AMENDATORY ORDER FOR FINAL RATE DESIGN:	July 16, 1991
FOURTH AMENDATORY ORDER FOR FINAL RATE DESIGN:	December 3, 1991

APPEARANCES

FOR SOUTHERN BELL TELEPHONE AND TELEGRAPH COMPANY:

Lawrence E. Gill, Attorney
R. Douglas Lackey, Attorney

FOR THE COMMISSION ADVERSARY STAFF TEAM:

Michael S. Bradley, Special Assistant Attorney General
David Adelman, Staff Attorney

FOR THE OFFICE OF CONSUMERS' UTILITY COUNSEL OF GEORGIA (CUC):

Nancy G. Gibson, Consumers' Utility Counsel
Chanthina R. Bryant, Attorney
Robert Beer, Attorney

FOR AT&T COMMUNICATIONS, INC.:

Gene V. Coker, Attorney

FOR CONTEL OF THE SOUTH, INC.:

J. Vaughan Curtis, Attorney
Greg Brophy, Attorney

FOR THE GEORGIA TELEPHONE ASSOCIATION:

E. Freeman Leverett, Attorney

FOR COX ENTERPRISES, INC.:

Terrence B. Adamson, Attorney
Peter Canfield, Attorney

FOR GTE SOUTH, INC.:

Wayne L. Goodrum, Attorney

FOR THE GEORGIA CABLE TELEVISION ASSOCIATION:

Edward A. Kazmarek, Attorney
L. Craig Dowdy, Attorney

FOR THE DEPARTMENT OF DEFENSE AND OTHER FEDERAL EXECUTIVE AGENCIES:

Paul Schwedler, Attorney

BY THE COMMISSION: In its Order of October 10, 1990, the Commission approved the Stipulation between the Staff Team and Southern Bell Telephone and Telegraph Company ("Southern Bell") in this Docket, which provides for a \$149 million reduction in Southern Bell's revenue requirements, and requested comments regarding "rate design for the annual revenue requirement dollars remaining after that which is required to implement Senate Bill 524". Subsequently, in Administrative Session on October 30, 1990, the Commission made its initial decision regarding implementation of Senate Bill 524 in Docket No. 3921-U. Specifically, in that docket, the Commission decided: (1) to order implementation of the data base toll-free intra-county calling plan on a 1 + 10 digit dialing basis, effective July 1, 1991; (2) to adopt optional EAS type calling plans for calling beyond county boundaries; (3) to implement the toll rate reductions for Southern Bell proposed in Docket No. 3905-U and to order Southern Bell to file tariffs accordingly to become effective on December 15, 1990; and (4) to order a \$10 million reduction in intrastate access charges for Southern Bell, with reductions to be flowed through to interexchange carrier customers in an equitable manner. The Commission's initial order adopting these reductions was signed on November 2, 1990.

In the Administrative Session on November 6, 1990, in Docket No. 3921-U, the Commission decided to order additional rate reductions to implement Senate Bill 524 as follows: (5) a 50% reduction in the toll rates within the 0-22 miles toll band for at least a one-year period; and (6) toll-free calling within the 0-16 mile toll band effective on July 1, 1991, in conjunction with the implementation of the data base toll free intra-county calling plan. An amendatory order adopting these additional reductions was signed on November 20, 1990, and subsequently rescinded on February 19, 1991 thereby reducing the message toll service reduction by \$12.1 million and increasing the Georgia Public Service Commission ("GA PSC Credit") to effect same.

Thereafter, the Commission's second amendatory order issued in Docket No. 3905-U required the following: (1) recovery to Southern Bell for providing a portion of the two-way EAS from Chattanooga, Tennessee to Chickamauga, Georgia, and (2) filing such cost data by May 1, 1991 with all other updated costs per the initial Order in this docket. This amendatory order adopting these recommendations was signed on May 16, 1991.

Additionally, effective July 1, 1991 the Commission reduced the GA PSC Credit to \$2.14 and effective August 1, 1991, it was reduced to \$1.38 for a five month period. This latter reduction was attributable, in part, to a one-time true-up for ad valorem taxes and other one-time adjustments. The Commission also found that effective January 1, 1992, the GA PSC Credit shall be increased to \$2.06, which represents an estimated \$66.0 million reduction in revenue absent any further action by the Commission.

In keeping with the intent to effect the full benefit of the full \$149 million in permanent rate reduction, the Commission makes the following findings of fact:

FINDINGS OF FACT

1.

The Commission finds that in accordance with its' previous orders issued in Dockets 3921-U and 3905-U, it is in the public interest to require Southern Bell to reduce its intraLATA toll rates by \$30.1 million. Specifically, the following reductions should be recognized effective January 1, 1992:

1.	Message Toll Service (MTS)	\$27 million
2.	WATS/800 Service	\$1.6 million
3.	WATS SAVER/Saver Services	\$1.5 million
	TOTAL	<u>\$30.1 million</u>

2.

The Commission finds as it stated in its Order dated December 14, 1990, in Docket 3905-U, findings of fact No. 3, "...it is in the public's interest that the pursuit of parity for intraLATA toll rates with interstate toll rates be continued". In addition the Commission stated that to fully accomplish this objective the Commission adopted a relationship of one-thirds/two-thirds to effect future reductions in access charges and intraLATA toll rates.

Accordingly, the Commission finds that to accomplish this objective it approves Southern Bell's request to reduce access charge rates with an annual revenue impact of \$15 million effective January 1, 1992. This \$15.0 million reduction shall be accomplished by: (1) reducing the switched access rates to mirror the interstate switched access rates for terminating Carrier Common Line for Feature Groups A (FX) and D and Local Transport for all feature groups, and (2) the Local Switching 1 rate will be increased from \$.0074 to \$.00861 and the Local Switching 2 rate will be reduced from \$.0090 to the current interstate level of \$.00861, and (3) the Line Termination rate will be reduced from \$.0070 to \$.0056.

Reducing these charges will help eliminate the threat of the Interexchange Carriers (IXCs) finding alternative access service arrangements (bypass) and leaving the switched network. The IXCs' shall file tariffs effective January 15, 1992 flowing through this reduction in access charges to Georgia customers in the form of lower intrastate interLATA toll rates.

3.

In addition to the various toll reductions prescribed in the Commission's orders issued in Docket No. 3921-U, Southern Bell is required to file optional calling plans aimed at providing the availability of expanded local calling areas to those subscribers who desire to have such. The Company has submitted Georgia Community Calling (GCC) for the Commission's consideration. This offering is an enhancements expand their existing local

calling area by providing savings up to 60% on calls to locations within 55 ratings miles of the customer. This offering also increases the allowance for residence customers to 30 messages per month and places a limit on the number of message rated calls a residential customer will be billed in any one month.

The Commission finds that it is in the public interest to approve the tariffs proposed by Southern Bell to implement GCC effective January 1, 1992. However, with the conversion to mandatory ten-digit dialing in the 912 area code, and the upcoming split of the 404 area code, the Company's ability to implement seven-digit dialing for GCC will be impacted. Consequently, this feature shall be implemented in the 912 area code on March 1, 1992 and in the 404 are code on October 1, 1992.

The Commission finds that it is in the public interest to approve Southern Bell's tariff which offers Bowden customers substantial savings on call into the Atlanta metro basic calling area. This service will provide reduced rate calling to locations within which Bowden has a strong community of interest and is responsive to the objectives established in Docket No. 3921-U.

4.

The Commission finds that it is in the public interest to approve the tariffs filed by Southern Bell to implement a Multi-Feature Discount Plan (MFDP). With this pricing structure Southern Bell customers with at least two selected vertical service features, regardless of product family line, will receive a discount on the monthly recurring rates. However, the Commission finds a grandfather provision shall be included preventing a rate increase based on this discount structure.

5.

The Commission finds it is in the public interest to reduce rates for MegaLink[®], DS1 and MegaLink[®] Channel Service and address the need of large customers, such as the State of Georgia.

6.

The Commission finds it is in the public interest to restructure the rating basis of Foreign Exchange Service and those customers who have a significant number of Foreign Exchange lines.

7.

The Commission finds that Southern Bell should be allowed to recover the incremental reductions in access revenue that are a result of the implementation of county-wide calling for interLATA intracounty calls completed by Interexchange Carriers (IXCs). The Commission in addition finds that the means by which to recover this revenue is through a charge against the GA PSC Credit.

8.

The Commission finds that the implementation of county-wide calling increased the number of access lines that can be dialed on a toll-free basis from most exchanges throughout the State.

The Commission finds that with the existing rate groups, regrouping to reflect county-wide calling would have been detrimental to many Southern Bell subscribers. The Commission finds Southern Bell's regrouping proposal, rate group redefinition and grandfather provision guarantees that no existing customer will receive a rate increase as a result of the regrouping process, and therefore it should be approved effective January 1, 1992.

2.

The Commission finds further finds that the proposed rates reductions will result in net revenue decrease of \$66.0 million, and that the revenue decrease will fully absorb the \$2.06 GA PSC Credit effective January 1, 1992.

10.

Based on the foregoing, the Commission finds as a matter of fact and concludes as a matter of law that this rate design will result in just and reasonable rates and is in the public interest.

WHEREFORE, based on the matters recited herein, including the evidence and argument incorporated herein by reference, it is hereby

ORDERED, that Southern Bell Telephone and Telegraph Company shall effect the finding of the Commission contained herein thru the reduction of the Georgia Public Service Commission credit.

ORDERED FURTHER, that Southern Bell shall effect this reduction as summarized in Appendix A attached to this Order and as more fully described in the body of this Order.

ORDERED FURTHER, that the tariffs previously filed by Southern Bell to produce this reduction in revenue requirements shall be approved effective January 1, 1992, unless otherwise specifically identified within the context of this Order.

ORDERED FURTHER, that all Interexchange Carriers shall file tariffs effective January 15, 1992 to flow through the prescribed reductions in switched access charges to Georgia customers in the form of reduced intrastate interLATA toll rates.

ORDERED FURTHER, that Southern Bell shall continue issuing the Georgia Public

Service Commission credit (PSC credit) until the rate reductions ordered herein become effective up to and including December 31, 1991.

ORDERED FURTHER, that beginning no later than February, 1992 and monthly thereafter, Southern Bell shall file tracking reports to the Commission detailing the full \$149 million revenue requirement impact of all the adjustments, programs, plans and rate reductions that were implemented to reflect all of the adjustments ordered by the Commission, including those effected through tariff filings approved by Commission Order herein.

ORDERED FURTHER, that jurisdiction over this proceeding is expressly retained for the purpose of entering such further order or orders as this Commission may deem proper;

ORDERED FURTHER, that a motion for reconsideration, rehearing or oral argument shall not stay the effectiveness of this Order unless expressly so ordered by the Commission.

The above by action of the Commission in Administrative Session on December 3, 1991.


William J. Buckner
Executive Secretary


Bob Durden
Chairman

DATE: 12-17-91

DATE: 12/18/91

APPENDIX A

<u>SERVICE</u>	<u>ANNUAL REVENUE EFFECT (\$M)</u>
Georgia Community Calling	\$(4.3)
Message Toll Service Rate Reductions	(27.0)
Watsaver Restructure and Rate Reductions	(1.5)
Wats/800 Service Restructure & Rate Reductions	(1.6)
Access Charge Reductions	(15.0)
Exchange Regrouping	(6.6)
Multi-Feature Discount Plan	(6.4)
Megalink	(1.0)
FX Private Line restructure	(1.7)
Access adjustments for County Wide Calling	(0.9)
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Total Reductions	(66.0)