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**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office
in Jefferson City on the 11th
day of September, 1997.

In the Matter of AT&T Communications of the)
Southwest, Inc.'s Tariff Filing to Introduce AT&T) **Case No. TT-98-88**
Blue Sense I and II Promotions.)
)

**ORDER APPROVING TARIFF SHEETS
AND DENYING MOTION TO CONSOLIDATE**

AT&T Communications of the Southwest, Inc. (AT&T) submitted a tariff filing (File No. 9800136) to the Commission for approval on August 14, 1997, with an effective date of September 15. AT&T is proposing to introduce AT&T Blue Sense I and AT&T Blue Sense II plans as promotional add-ons to the interstate Blue Sense I and II promotions.

AT&T Blue Sense I is available to customers whose monthly usage is less than \$15.00 and provides promotional rates for AT&T intrastate direct-dialed calls and card calls between September 15 and December 31. Customers must sign up before November 30. AT&T Blue Sense II provides similar promotional rates for customers whose monthly usage is greater than \$15.00 and who sign up before November 30. Both plans are offered only in accordance with the terms and conditions of AT&T's federal tariff.

The Staff of the Commission (Staff) filed a Motion to Suspend on August 28, stating that the tariff filing would violate Section 392.200.2, RSMo 1994, which prohibits rate discrimination, i.e., the charging of differing rates for the same service. Staff argues that the intrastate portions of the Blue Sense I and II plans result in AT&T charging differing

rates for identical services. Staff stated that AT&T's position is that the plans are differentiated at the interstate level and that intrastate service is only a portion of a total calling rate package that includes a federally tariffed monthly recurring charge. Staff's position is that, because the plans are indistinguishable at the intrastate level AT&T's proposal would result in discriminatory pricing.

Staff points out that the Commission has the discretion to waive the application of certain statutory provisions and Commission rules, but asserts that the prohibition against discriminatory pricing is not among those provisions that can be waived. Staff argues that the tariff sheets should be suspended. Staff also filed, on August 28, a Motion to Consolidate this case with numerous other tariff filings to which the Staff has similar objections.

The Commission has reviewed AT&T's tariff filing and Staff's motions to suspend and consolidate. The Commission finds that the Motion to Consolidate this case with other tariff cases is inappropriate in that, although Staff makes the same objections to all the proposed tariffs, the tariffs have been submitted by various companies and differ in substance. Consolidation of this case with TT-98-87 and TT-98-89, based on similar AT&T tariff filings, would be appropriate if the Commission intended to suspend the tariff sheets and conduct a contested case proceeding. Since the Commission does not intend to suspend the tariff sheets, each case will be considered on its own merits.

The Commission has considered the provisions of AT&T's proposed Blue Sense I and II promotional offering and finds no violation of the prohibition against discriminatory pricing. The concept of discriminatory pricing is relevant only as applied to customers. The Commission must ask

whether a proposed calling plan would result in similarly situated customers being forced to pay differing rates for the same services. See State of Missouri, ex rel. DePaul Hospital School of Nursing v. Missouri Public Service Commission, 464 S.W.2d 737, 740 (Mo. App. 1970). Although the intrastate portions of the Blue Sense packages may not differ from AT&T's other intrastate services, the plans must be considered as a whole. Taken as a whole, the terms of these plans constitute a variation from a simple offering of intrastate services. Customers are free to choose the package most appropriate to their calling patterns. AT&T's proposal is a valid promotional discount. Accordingly, the Commission finds that AT&T's proposed tariff sheets are just, reasonable, and nondiscriminatory and they shall be approved.

IT IS THEREFORE ORDERED:

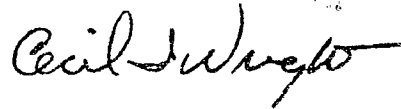
1. That the following tariff sheets submitted by AT&T Communications of the Southwest, Inc. on August 14, 1997, are approved to become effective on September 15, 1997:

P.S.C. Mo. No. 15

Original Preface Sheet 37
Original Preface Sheet 38
Original Preface Sheet 39
Original Preface Sheet 40

2. That this order shall become effective on September 15, 1997.

BY THE COMMISSION



**Cecil I. Wright
Executive Secretary**

(S E A L)

Lumpe, Ch., Crumpton,
Drainer and Murray, CC.,
concur.

ALJ: Wickliffe