



United Telephone Company of Florida
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August 9, 1991

Steve Tribble, Director
Division of Records and Reporting
Florida Public Service Commission
101 East Gaines Street
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**ORIGINAL
FILE COPY**

Re: Docket No. 900959-TP

Dear Mr. Tribble:

Enclosed for filing in the above-referenced docket please find the original and 15 copies of United Telephone Company of Florida's Post Hearing Comments.

A copy of the foregoing has been furnished to the parties of record as shown on the attached Certificate of Service.

Sincerely,


Alan N. Berg

ANB/prc
Enclosure

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PSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Amendment of Rule 25-4.107,)
F.A.C., Information to Customers, and)
Rule 25-4.108, F.A.C., Initiation of) Docket No. 900959-TP
Service pertaining to extended payment)
plans for the payment of service) Filed: August 9, 1991
connections charges.)
_____)

POST HEARING COMMENTS OF
UNITED TELEPHONE COMPANY OF FLORIDA

United Telephone Company of Florida (United) submits the following Post Hearing Comments in this Docket:

1. The Rule changes proposed in this Docket are found in Florida Public Service Commission Order (FPSC) No. 24639, the Notice of Rulemaking in this Docket.

THE PURPOSE OF THE PROPOSED RULE CHANGES

2. Defining the purpose of a Rule change is critical to determination of the language which should be used in changing a Rule. Language which accomplishes the purpose of the proposed Rule should be adopted. In this Docket, two different purposes of the proposed Rule changes have been stated.

3. The purpose of the proposed Rule changes was stated in the Staff Recommendation in this Docket, dated January 17, 1991, as follows:

The purpose of this rule revision is to insure that all customers who wish to have telephone service, but have financial barriers to doing so, are adequately informed of the company's plan for extended payment of service connection charges. The availability of such a plan enhances the public policy goal of making basic telecommunications services available to all residents at reasonable and affordable prices.

4. The purpose of the proposed Rule changes had changed by May 9, 1991, the date of the second Staff Recommendation in this Docket. The second Staff Recommendation stated:

Staff recommended the amendment because it would further the policy goal of making basic telecommunications services available to all residents at affordable prices by making all customers aware of the availability of an extended payment plan.

5. The purpose of the proposed Rule changes contained in the Notice of Rulemaking, FPSC Order No. 24639, dated June 6, 1991, at page 2, was:

The purpose of this rule revision is to insure that all customers who wish to have telephone service, but have financial barriers to doing so, are adequately informed of the company's plan for extended payment of service connection charges.

6. At the hearing on the proposed Rule changes held July 12, 1991, the purpose of the Rule was again stated to be "to assure that every residential customer knows of the existence of a plan." (T. 19) This purpose is not the same as the purpose stated in FPSC Order No. 24639, the Notice of Rulemaking in this Docket.

7. United supports the purpose of the Rule as stated in the Staff Recommendation dated January 17, 1991, and in FPSC Order 24639, dated June 6, 1991, the Notice of Rulemaking in this Docket, which is help those persons who have financial barriers to paying service connection charges in one payment.

8. The purpose as stated in the Order No. 24639, the Notice of Rulemaking in this Docket, is the expression of the FPSC as to the purpose of the Rule changes proposed and should be used to evaluate the proposed Rule changes in this Docket.

THE NEED FOR THE PROPOSED RULE CHANGES

9. Differing reasons as to the need of the proposed Rule changes were given in this Docket. The need for the proposed Rule changes should be determined in order to evaluate any proposed Rule changes.

10. The Staff Recommendation in this Docket dated January 17, 1991, at page 2, states that:

The Division of Consumer Affairs has received requests for assistance from customers who have a perceived inability to pay the initial installation charges. Some of these customers have been unaware the company offers extended payment plans.

At the hearing on this matter, it was stated that 100 calls and letters a year were received on the issue of service connection charges. (See, T. 24)

11. United, by letter, requested copies of customer complaints concerning extended payment plans. United was provided copies of six complaints in response to its request. All of the six complaints dealt with level of service connections charges assessed by various telephone companies. None of the complaints mentions extended payment plans. (T. 21-22) No complaint has been provided which indicates that a customer complained about the lack of, or not being informed of, an extended payment plan. The only support in the record that customers complained about extended payment plans is the statement that "callers or letter writers quite often are surprised when we tell them that they could have extended time to pay the connection charges." (T. 24) No information was made available as to whether the customers who were

"surprised" could afford to pay the service connection charges in one payment.

12. Another reason given for the proposed Rule changes was that it was the intent of FPSC Orders to require that local exchange companies inform all applicants for service of extended payment plans. In support of this position, an Order issued in Docket No. 750316-TP was quoted in the hearing as follows: "In light of the substantial increase in service connection charges, the Commission finds that the Company should permit its customers to pay for such charges over a period of up to six months." (T. 16) The conclusion reached was that the local exchange companies were not complying with the FPSC's intent by not offering extended payment plans to all customers applying for service.

13. The Staff Recommendation in this Docket, dated May 9, 1991, states:

This Commission's policy, expressed through various dockets with the LECs, has been to support, and in some cases direct, the offering of an extended payment period (installment payments) for the payment of service connection charges. The companies have complied with such orders and have offered extended payment plans which appear in the tariffs of the various LECs. [footnote omitted]

The statement that "the companies have complied with such orders" contradicts the conclusion stated in paragraph 12 above that local exchange companies were not complying with such orders.

UNITED'S POSITION

14. Testimony in the hearing in this Docket indicated that approximately 100 complaints were received by the FPSC concerning the telephone industry on the issue of service connections in 1990.

(T. 24 and 45) An estimate was made that well over one million residential inward movement orders were processed by the industry in a year. (T. 45 and 52) These figures show that one complaint dealing with service connection charges was received by the FPSC for each 10,000 inward movement orders processed by the industry (See, T. 45). As is discussed in paragraph 8 above, the complaints provided to United dealt with service connection charge levels, and did not mention service connection charges.

15. While United does not like to receive even one complaint, the elimination of one complaint in every 10,000 inward movement transactions does not justify the costs of implementing the proposed Rule changes. The costs include the costs of the additional time required to inform customers of the extended payment plan and answer questions on the plan, the anticipated increase in uncollectibles, and the cost of reduced cash flows, all of which were discussed in the Economic Impact Statement filed in this Docket. In addition, United anticipates increased costs of collection.

16. United has approximately 13% of the access lines in the State of Florida. Assuming the complaints received were evenly spread among the local exchange companies, 13 of the 100 complaints pertaining to service connections charges would have concerned United. The cost to United of the proposed Rule changes would be approximately \$10,000 per complaint, and the cash flow impact would be approximately \$45,000 per complaint. (T. 46; see also figures in Exh. 3 and 4) It would be far less expensive for United to pay the

service connection charges of persons who complained, than to implement the proposed Rule changes.

17. It currently takes approximately 25 minutes for a qualified United service representative to take an order for new service. This is a source of irritation to customers, and a cause of complaints. (T. 46) United estimates an additional two minutes will be required to advise a customer of the extended payment plan, answer questions, and enter the necessary information if a customer elects the extended payment plan. This can only increase customer irritation and customer complaints.

18. The proposed Rule changes impose substantial costs on the LEC when viewed on a per complaint basis, and should not be implemented.

PROPOSED SUBSTITUTE RULE LANGUAGE

19. As stated in paragraph 6 above United does support a Rule change to assist customers who have financial barriers which prevent their paying service connection charges in one payment. United recommends the following rule language be substituted for that proposed in FPSC Order No. 24639:

25-4.107 Information to Customers

(1) Each company shall provide such information and assistance as is reasonable to assist any customer or applicant in obtaining telephone service adequate to his communications needs. At the time of initial contact, each company shall advise the person applying for or inquiring about residential or single line business service of the rate for the least expensive one party basic local exchange telephone service available to him unless he requests specific equipment or services. Each company shall inform any person applying for residential service who indicates an inability to pay or requests payment terms of the availability of the company's

installment plan for the payment of service connection charges. The information will be provided at the time of initial contact and shall include, but not be limited to, information on the rate amounts and installment times periods and procedures. Upon customer request, the person shall also be given an 800 number to call to receive information on the "No Sales Solicitation" list offered through the Department of Agriculture and Consumer Services, Division of Consumer Services. In any discussion of enhanced or optional services, each service shall be identified specifically, and the price of each service shall be given. Such person shall also be informed of the availability of and rates for local measured service, if offered in his exchange. Local exchange telecommunications companies shall submit copies of the information provided to customers service representatives to the Division of Communications for prior approval.

(2) At the earliest time practicable, the company shall provide to that customer the billing cycle and approximate date he may expect to receive his monthly billing.

25-4.108 Initiation of Service.

Any applicant for telephone service may be required to make application in writing in accordance with standard practice and forms prescribed by the utility, provided that the policy adopted by the utility for the initiation of service shall have uniform application and shall be set forth in its filed tariff. Such application shall be considered as notice to the utility that the applicant desires service and upon compliance by the applicant with such other provisions governing utility service as may be in effect, the utility shall undertake to initiate service without unreasonable delay. Each company shall permit residential customers to pay service connection charges in accordance with the company's extended payment plan set forth in its filed tariff.

These proposed changes will provide further notice to customers of the local exchange companies' extended payment plans, will avoid the high cost per complaint which would be caused by implementation of the proposed Rule changes, will avoid the small companies with low service connection charges having to spread \$12 payments over three months, and will eliminate the need or desire

of local exchange companies to change their tariffs to provide for a three month extended payment plan.

20. Finally, United notes that the proposed Rule changes contained in FPSC Order No. 24639 were based on the language of Rule 25-4.107, F.A.C., as it existed prior to the changes made on March 31, 1991, concerning the "No Sale Solicitation List" of the Department of Agriculture and Consumer Affairs. Care should be taken to use the current language of the Rule as a basis for any changes and not undo recent Rule changes.

Respectfully submitted,



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**CERTIFICATE OF SERVICE
DOCKET NO. 900959-TP**

I HEREBY CERTIFY that a copy of United Telephone Company of Florida's Post Hearing Comments has been served by hand delivery or United States Mail to the following parties this 9th day of August, 1991:

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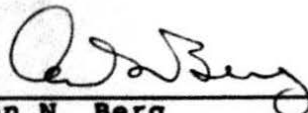
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