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VIA OVERNIGHT DELIVERY

August 28, 1998

Ms. Blanca Bayo
Director of Records and Reporting
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0872

RE: Docket No. 980459-TP -- Network Plus, Inc. d/b/a Hale and Father's
Petition for Waiver

Dear Ms. Bayo:

Enclosed are an original and fifteen (15) copies of Network Plus, Inc. d/b/a Hale and
Father's ("Network Plus") Petition for a Waiver from Section 364.163(6), Florida
Statutes and Order No. 98-0795-FOF-TP, Regarding the Flow-Through Requirements for
Switched Access Rate Reductions, filed pursuant to Section 364.337, Florida Statutes,
and Section 25-24.455(3), Rules of the Florida Public Service Commission.

Please acknowledge receipt of this filing by file-stamping and returning the extra copy of
the first page of the Petition in the self-addressed, stamped envelope provided for this
purpose. Questions concerning this filing may be directed to me.

- ACK _____
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- OTH _____

Sincerely,

for Harbor Consulting Group, Inc.

Kristin Larson Doyle

Enclosure

for Kristin Doyle

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09458 AUG 31 88

FILE FOLDING

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of the Petition of)
Network Plus, Inc. d/b/a Hale and Father)
for a Waiver from Section 364.163(6), Florida Statutes)
and Order No. 98-0795-FOF-TP, Regarding)
the Flow-Through Requirements)
for Switched Access Rate Reductions)

Docket No. 482/54-TP

PETITION FOR WAIVER

Pursuant to Section 364.337, Florida Statutes, and Section 25-24.455(3), Rules of the Florida Public Service Commission, Network Plus, Inc. d/b/a Hale and Father ("Network Plus" or "Petitioner") hereby petitions the Florida Public Service Commission ("Commission") for a waiver from Section 364.163(6), Florida Statutes, as amended by Chapter 98-277, Section 4, General Laws of Florida, and the Commission's order No. PSC-98-0795-FOF-TP, requiring interexchange carriers (IXCs) to flow-through GTE Florida's and Sprint-Florida's intrastate switched access rate reductions to intrastate long distance customer rates. In support of its Petition, Network Plus states as follows:

Petitioner is a reseller of interexchange telecommunications services in the State of Florida and purchases intrastate switched access from GTE Florida and Sprint-Florida. The Company's name, address, telephone number and facsimile number are:

Network Plus, Inc. d/b/a Hale and Father
234 Copeland Street
Quincy, Massachusetts 02169

Telephone Number: 617.786.4000
Facsimile Number: 617.786.4058

The name, address, telephone number and facsimile number of Petitioner's regulatory

consultant are:

Kristin Larson Doyle
c/o Harbor Consulting Group, Inc.
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As amended, Section 364.163(6), Florida Statutes, requires GTE Florida and Sprint-Florida to make two reductions in their intrastate switched access rates in 1998: 5 percent effective July 1, 1998, and 10 percent effective October 1, 1998. The section also requires that any IXC whose intrastate switched access expense is reduced because of GTE Florida's and Sprint-Florida's intrastate switched access rate reductions must return the benefits of those reductions to its customers by reducing its intrastate long distance customer rates. Specifically, Section 364.163(6) provides that an IXC:

1. must decrease its rates by the amount necessary to return the benefits of the switched access reduction to its customers;
2. shall not reduce per minute intraLATA toll rates by a percentage greater than the required per minute switched access rate reduction;
3. may determine the specific rates to be decreased, provided that both residential and business customers benefit from the rate decreases.

The intent of Section 364.163(6), as amended, is to lower intrastate long-distance rates for Florida consumers. The flow-through requirements are meant to ensure that Florida long-distance customers receive the benefit of the local exchange company access charge rate reductions and that IXCs do not unfairly profit from the savings intended for the public. Petitioner requests a waiver from these requirements because under its current rate structure, its customers in Florida are already receiving the lowest rates possible, Petitioner

will realize only marginal savings as a result of the LEC switched access reductions, and lowering its rates further will exact a significant financial hardship on Petitioner.

Under Section 364.337(4), Florida Statutes, a certificated intrastate interexchange telecommunications company may petition the Commission for a waiver from applicable statutory requirements, and the Commission has the authority to grant a petition for a waiver if "determined to be in the public interest." The Commission's rules further provide that the Commission "may grant a waiver to the extent that it determines that it is consistent with the public interest to do so." Section 25-24.455, Rules of the Florida Public Service Commission. The Commission may grant the petition in whole or part, or may limit the waiver to certain geographic areas. *Id.*

Petitioner's current interexchange rates in Florida are \$.13 per minute, which is just above Petitioner's cost of providing service. In setting the rate at this low level, Petitioner early on chose to forgo higher profits on end-user rates in order to compete against other IXCs, whose rates are substantially higher, and attract customers.¹ As a result, Network Plus customers are already receiving the lowest rate possible that still allows Network Plus to earn a marginal profit. Because GTE Florida's and Sprint

¹ For example, for comparable service, MCI charges \$.18 per minute during peak hours and \$.15 per minute during off-peak hours. Sprint charges \$.0175 per minute during peak hours and \$.15 during off-peak, and AT&T charges \$.21 during peak and \$.18 during off-peak. Robert Self, Long Distance For Less: The Official Guide to Long Distance Telephone Services in the United States (Market Dynamics 1998).

Florida's access charge reductions will have little effect on the Petitioner's average wholesale cost of providing switched access service, Petitioner will realize negligible savings which could be passed on to customers. To require Petitioner to lower its rates further will lock Network Plus into a position of providing service at cost, or in some cases below cost, and significantly impair Petitioner's ability to offer improved or expanded service in the future.

Granting Network Plus a waiver from the requirements of Section 364.163(6), as amended, and Order No. PSC-98-0795-FOF-TP is in the public interest. Because Network Plus' rates are already so low, the concern of the legislature in passing the recent amendments, to lower intrastate rates, is not at issue, and the necessity of the flow-through requirements is obviated. Moreover, to require Network Plus to lower its switched access rates could have the anti-competitive effect of lowering Petitioner's revenues below cost and thereby endangering Petitioner's operations in Florida.

WHEREFORE, Petitioner respectfully requests that the Commission grant it a permanent waiver from the requirements of Section 364.163(6), Florida Statutes, as amended, and Order No. PSC-98-0795-FOF-TP.

(Signature on Following Page)

Respectfully submitted this 27 day of August, 1998.

Network Plus, Inc. d/b/a Hale and Father

By:



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