

M E M O R A N D U M

April 7, 1999

TO: DIVISION OF RECORDS AND REPORTING

FROM: DIVISION OF LEGAL SERVICES (MILLER) 9

RE: DOCKET NO. 990152-TL - NOTICE OF
REGULATION BY NORTHEAST FLORIDA TELE
DOCKET NO. 990126-TL - REQUEST FOR
FILING TO INTRODUCE CUSTOMIZED CODE
PERSONAL IDENTIFICATION NUMBER, SIX-
ID WITH CALL WAITING, AND ANONYMOUS
NORTHEAST FLORIDA TELEPHONE COMPANY, 9

Attached is an ORDER APPROVING TARIFF FILING
ELECTION OF PRICE REGULATION, to be issued in the
docket. (Number of pages in order - 11)

JAM/anr
Attachment
cc: Division of Communications
I: 990152.jam

See 1.7

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Notice of election of price regulation by Northeast Florida Telephone Company, Inc.

DOCKET NO. 990152-TL

In re: Request for approval of tariff filing to introduce Customized Code Restriction with Personal Identification Number, Six-Way Calling, Caller ID with Call Waiting, and Anonymous Call Rejection, by Northeast Florida Telephone Company, Inc.

DOCKET NO. 990126-TL
ORDER NO. PSC-99-0693-FOF-TL
ISSUED: April 9, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK
JULIA L. JOHNSON
E. LEON JACOBS, JR.

ORDER APPROVING TARIFF FILING AND
ACKNOWLEDGING ELECTION OF PRICE REGULATION

BY THE COMMISSION:

On January 15, 1999, Northeast Florida Telephone Company, Inc. (Northeast) submitted a tariff (T-99-0031) which offers enhancements to existing custom calling services and also offers select new ones. On February 9, 1999, Northeast Florida Telephone Company, Inc. filed notification of election to become subject to price regulation effective immediately and subject to the provisions of Section 364.051, Florida Statutes. That notice is attached to this recommendation (Attachment A).

DOCUMENT NUMBER-DATE

04614 APR-99

FPSC-RECORDS/REPORTING

This Order addresses two concerns. Prior election to become subject to price regulation, the tariff, which was docketed (Docket No. 990152-TL) for consideration at the March 16, 1999 Agenda conference of the tariff filing, Northeast was operating as a regulated entity and had requested an election to become subject to price regulation effective February 9, 1999, for this tariff. Northeast's subsequent request for election of price regulation effective February 9, 1999, is in compliance with the requirement to present future tariff proposals prior to approval. Since we had not yet approved the tariff, this Order combines the two dockets for the same purposes. It addresses the date for which Northeast will be capped under price regulation and approved for election (Docket No. 990126-TL).

I. ELECTION OF PRICE REGULATION

Chapter 364, Florida Statutes, allows telecommunications companies to elect price regulation. When a company elects price regulation, certain rates will be capped and the company will be allowed to revise rates only in accordance with the provisions of the chapter.

The relevant parts (1), (2), and (6) of Chapter 364, Florida Statutes, are noted as follows:

364.051 Price regulation.-

(1) SCHEDULE.-Notwithstanding any other provision of this chapter, the following local telecommunications companies shall become subject to price regulation described in this section on the following dates:

(a) For a local exchange telecommunication company with 100,000 or more access lines in service on January 1, 1995, such company may file with the commission an election to be under price regulation effective January 1, 1996, or when an alternative local exchange telecommunications company is certificated to provide local exchange telecommunications services in the territory, whichever is later.

(b) Effective on the date of filing its election with the commission, but no sooner than January 1, 1996.

exchange telecommunications company with fewer than 100,000 access lines in service on July 1, 1995, that elects pursuant to s. 364.052 to become subject to this section.

(c) Each company subject to this section shall be exempt from rate base, rate of return regulation and the requirements of ss. 364.03, 364.035, 364.037, 364.05, 364.055, 364.14, 364.17, and 364.18.

(2) BASIC LOCAL TELECOMMUNICATIONS SERVICE.-Price regulation of basic local telecommunications service shall consist of the following:

(a) Effective January 1, 1996, the rates for basic local telecommunications service of each company subject to this section shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 2000. However, the basic local telecommunications service rates of a local exchange telecommunications company with more than 3 million basic local telecommunications service access lines in service on July 1, 1995, shall not be increased prior to January 1, 2001.

(b) Upon the date of filing its election with the commission, the rates for basic local telecommunications service of a company that elects to become subject to this section shall be capped at the rates in effect on that date and shall remain capped as stated in paragraph (a).

(6) NONBASIC SERVICES.-Price regulation of nonbasic services shall consist of the following:

(a) Each company subject to this section shall maintain tariffs with the commission containing the terms, conditions, and rates for each of its nonbasic services, and may set or change, on 15 days' notice, the rate for each of its nonbasic services, except that a price increase for any nonbasic service category shall not exceed 6 percent within a 12-month period until there is another provider providing local telecommunications service in an exchange area at which time the price for any nonbasic service category may be increased in an

amount not to exceed 20 percent within a 1
and the rate shall be presumptively valid
purposes of this subsection, the prices

1. A voice-grade, flat-rate, multi-line
exchange service, including multiple in
centrex lines, private branch exchange
associated hunting services, that provide
local usage necessary to place a call
exchange calling area; and

2. Telecommunications services provided
service arrangements to the SUNCOM Network
chapter 282, shall be capped at the rate
July 1, 1995, and such rates shall not be
to January 1, 2000 . . .

364.163 Network access services.-

For purposes of this section, "network acc
defined as any service provided by a
telecommunications company to a tel
company certificated under this chapter
the Federal Communications Commission to a
exchange telecommunications network, exclu
interconnection arrangements in s. 364.16
arrangements in s. 364.161. Each l
telecommunications company subject to s.
maintain tariffs with the commission
terms, conditions, and rates for each
access services.

(1) Effective January 1, 1999, the rate
network access services of each company s
section shall be capped at the rates in ef
1, 1999, and shall remain capped until Ja
Upon the date of filing its election with
the network access service rates of a comp
to become subject to this section shall be
rates in effect on that date and shall ren
5 years.

Section 364.052, Florida Statutes, states that after July 1, 1996, a company subject to this section electing to be regulated pursuant to section 364.051, Florida Statutes, will have any overearnings attributable to a period prior to the date on which the company made the election subject to refund or other disposition by the Commission. Our staff plans to review the earnings of Northeast up through February 8, 1999, to determine the need for disposition of any overearnings.

With Northeast's election of price regulation effective February 9, 1999, its basic local telecommunications service rates shall be capped effective February 9, 1999, pursuant to Section 364.051(2)(b), Florida Statutes. The rates for protected non-basic services shall be capped at the rates in effect on July 1, 1995, pursuant to Section 364.051(6)(a)(2), Florida Statutes. Network access services shall be capped effective February 9, 1999, pursuant to Section 364.163(1), Florida Statutes.

II. TARIFF FILING

Northeast Florida Telephone Company, Inc. (Northeast) submitted its tariff on January 15, 1999. We note that Northeast was under rate-of-return regulation on this date. The docket associated with this tariff filing (Docket No. 990126-TL) was opened prior to the Company's filing to elect price regulation. The tariff docket was set for review by this Commission at the March 16, 1999, Agenda Conference. Northeast requested an effective date of April 1, 1999, for the tariff provisions. The tariff offers enhancements to existing custom calling services and also offers select new ones. We approve this tariff effective April 1, 1999.

The tariff introduced Customized Code Restrictions with Personal Identification Number (PIN), Anonymous Call Rejection, Caller ID with Call Waiting, and Six-Way Calling. The tariff also deleted a service offering entitled Wake-Up Service. We note that there are no current subscribers to the company's Wake-Up Service.

Customized Code Restrictions with PIN is an enhancement of an existing custom calling feature. The new product allows customers who subscribe to the Customized Code Restrictions feature to override the restricted codes on a per-call basis. An additional rate per month (\$0.50) is proposed for Customized Code Restrictions with PIN.

Anonymous Call Rejection is a feature which allows subscribers to automatically reject signals from callers who have blocked delivery of their telephone numbers to the called party. This is a new service offering.

Caller ID with Call Waiting is an enhancement of Caller ID. This feature allows subscribers the ability to receive information about the calling party while on an existing call. The calling identification data of the waiting call is displayed on the customer's display device. The new Caller ID with Call Waiting feature replaces the (stand-alone) Call Waiting option for existing Caller ID subscribers. There is no change in the rate per month for the current Caller ID subscribers who have the Call Waiting option. The only change is that the service offering will be bundled as one feature rather than as a feature (Caller ID) with an option (Call Waiting).

Six-Way Calling is a new feature which allows the establishment of multi-party connections, or calls, to as many as six (6) parties. The total charge for the conference is the sum of:

- 1) The point-to-point usage charge for each called connection and;
- 2) The monthly recurring fee for the Six-Way Calling feature.

The Six-Way Calling feature is priced at two (2) times the existing rate for the Three-Way Calling feature, or \$7.00/Month (\$3.50 X 2).

The deleted Wake-Up Service was an option that allowed telephone subscribers to establish an in-coming signal (ring) at a pre-determined time. This feature had no subscribers.

We believe the enhancements and new service offerings complement the ancillary custom calling features currently available for Northeast subscribers. Northeast filed supportive material which projects the estimated annual revenue impact for each of the new services. After review of the annual revenue impact information provided by Northeast, our staff estimates annual revenue attributable to this tariff action to be \$ 16,050, and believes that these estimates are reasonable. The company's June 30, 1998, earnings surveillance report indicates that Northeast had an achieved Return on Equity (ROE) of 13.72%. This tariff filing should raise its ROE by 0.32%, bringing its ROE to

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14.04%, which is below their authorized ceiling of 14.4% ROE. This information is summarized in chart form in Attachment B.

Based on the foregoing, it is, therefore,

ORDERED by the Florida Public Service Commission that Northeast Florida Telephone Company, Inc.'s basic local telecommunications service rates shall be capped at the rates in effect on February 9, 1999. It is further

ORDERED that Northeast Florida Telephone Company, Inc.'s, rates for protected nonbasic services shall be capped effective February 9, 1999, at the rates in effect on July 1, 1995. It is further

ORDERED that Northeast Florida Telephone Company, Inc.'s network access services shall be capped effective February 9, 1999, at the rates in effect on February 9, 1999. It is further

ORDERED that Docket No. 990152-TL shall be closed. It is further

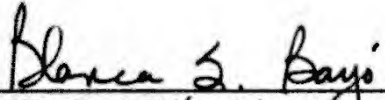
ORDERED that Northeast Florida Telephone Company, Inc.'s tariff, submitted January 15, 1999, is approved. It is further

ORDERED that the tariff shall become effective April 1, 1999. If a protest is filed within 21 days from the issuance date of the Order, the tariff shall remain in effect pending resolution of the protest, with any revenues held subject to refund. It is further

ORDERED that if no timely protest is filed, Docket No. 990126-TL shall be closed.

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By ORDER of the Florida Public Service Commission this 9th day
of April, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

JAM

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

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TARIFF FILING --

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the proposed action files a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 30, 1999.

In the absence of such a petition, this Order approving the tariff shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

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ATTACHMENT A

NET
COM

Northeast Florida Telephone Company, Inc.

A Company of NRCOR Inc

FEB -9 PM 1:20

RECEIVED
REGULATING

February 8, 1999

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Notice of Election of Price Regulation

Dear Ms. Bayo:

Northeast Florida Telephone Company, Inc., a small local exchange telecommunications company, as defined by Section 364.052(1), Florida Statutes, pursuant to Section 364.052(2), Florida Statutes, hereby gives notice of its election to become subject to Section 364.051, Florida Statutes. This election to be under price regulation is effective immediately upon personal service of this letter on the Clerk of the Commission.

A copy of this letter is enclosed. Please acknowledge receipt and return the copy to the company in care of its attorney, J. Jeffrey Wahlen, Anasley & McFullen, P.A.

Sincerely,

NORTHEAST FLORIDA TELEPHONE COMPANY, INC.



Leon Conner
President

LC:kj

Enclosure

RECEIVED & FILED


PSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

Your Quality Service Communications Provider For over 40 Years

Northeast Florida Telephone Company's Proposed Tariff Rates

EXHIBIT 6

Tariff Section	Service	Equipment Cost	Existing Subscribers ¹			Est'd Take	Potential Subscribers	Proposed Rates				Anticipated Revenue		Annual Allocated Costs				
			Res	Bus	Total			Residence		Business		Monthly	Annually					
								Min	Max	Current	Proposed				Min	Max	Current	Proposed
A1312.4	Customized Code Restrictions (Existing) With PIN (New)	\$ 1,200	671	76	746	98%	375			\$ 2.00			\$ 3.75		\$ 4.25	\$ 167.00	\$ 2,200.00	\$ 577.00
										\$ -			\$ -					
A1032.4	Six-Way Calling	\$ 5,801					50	\$ 6.00	\$ 6.00	\$ -	\$ 7.00	\$ 6.00	\$ 12.00	\$ -	\$ 7.00	\$ 350.00	\$ 4,200.00	\$ 2,000.00
A1662.4	Call ID with Call Waiting	\$ 4,431																\$ 2,120.00
A1662.4	Anonymous Call Rejection	\$ 5,800					500 Res-25 Bus	\$ 1.00	\$ 4.00	\$ -	\$ 1.00	\$ 1.00	\$ 4.00	\$ -	\$ 2.00	\$ 600.00	\$ 6,000.00	\$ 2,407.00

Note 1: "Existing Subscribers" reflects October 31, 1988, data.

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