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Timolyn Henry

From: McPike, Jessica L [EQ] [Jessica.L.Mcpike@Embarq.com]
Sent: Monday, June 11, 2007 3:41 PM
To: Filings@psc.state.fl.us
Cc: Sandy Khazraee
Subject: Docket No. 060476 Embarq's Responses to Florida Public Service Commission Staff's Data Request
Attachments: Rsp to data request.060476.pdf

Filed on Behalf of: **Sandra A. Khazraee**

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Docket No. **060476-TL**

Title of filing: **Embarq's Responses to Florida Public Service Commission Staff's Data Request dated May 11, 2007**

Filed on behalf of: **Sandra Khazraee**

No of pages: **6 pages**

Description: **Embarq's Responses to Florida Public Service Commission Staff's Data Request dated May 11, 2007**

<<Rsp to data request.060476.pdf>>

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FPSC-COMMISSION CLERK

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June 11, 2007

Ms. Ann Cole
Division of the Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 060476-TL, Embarq Florida, Inc.'s Responses to Florida Public Service Commission Staff's Data Request

Dear Ms. Bayó:

Enclosed for filing on behalf of Embarq Florida, Inc. is Embarq's Responses to the Florida Public Service Commission Staff's Data Request dated May 11, 2007.

Copies are being served on the parties in this docket pursuant to the attached certificate of service.

If you have any questions, please do not hesitate to call me at 850/847-0173.

Sincerely,

Sandra A. Khazraee

Sandra A. Khazraee
REGULATORY MANAGER
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CERTIFICATE OF SERVICE
DOCKET NO. 060763-TL

I HEREBY CERTIFY that a true and correct copy of the foregoing was served U.S. Mail this 11th day of June, 2007 to the following:

Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

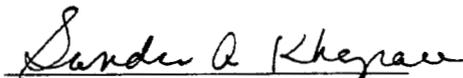
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Florida Public Telecommunication Associates, Inc.
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Atlanta, GA 30328


Sandra A. Khazraee

**EMBARQ FLOIRDA, INC.'S RESPONSES TO THE FLOIRDA PUBLIC
SERVICE COMMISSON STAFF'S DATA REQUEST, DATED MAY 11, 2007
RE: EVALUATION OF BELLSOUTH'S PETITION TO ELIMINATE OR
REVISE THE OPERATOR SERVICE RATE CAPS**

1) Do you believe the Florida Public Service Commission (FPSC) can eliminate the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, taking into consideration Chapter 364.3376(3), Florida Statutes? Please explain your response.

Response: Subsection 364.3376(1)(b), provides that Section 364.3376 does not apply to ILECs or to intrastate interexchange companies, unless the FPSC determines that it is required in the public interest to apply the provisions to these entities. Therefore, the Commission can repeal the application of the rate caps in the rules to ILECs and intrastate interexchange companies, if it finds that competition in the industry has rendered it no longer necessary to apply the caps "in the public interest." In addition, it appears that Rule 25-24.600, F.A.C., allows any provider to petition to be exempt from the caps, in accordance with the provisions of section 364.337.

2) If you believe the FPSC can eliminate the rate caps, should they be eliminated in total, or should they remain in place with respect to inmate payphone services? Please explain your response.

Response: Rate caps should be eliminated in total. The market should drive pricing. There are multiple companies that provide like services and customers have the option of choosing the providers which offer the optimal pricing for their respective needs.

3) If the rate caps are eliminated or increased, do you believe the rates incumbent local exchange companies may charge are constrained by Chapter 364.051, Florida Statutes?

Response: Yes. The operator service rates are nonbasic services, as defined in subsection 364.02(10). Therefore, price-regulated ILECs could only increase those rates in accordance with the provisions of subsection 364.051(5).

4) If the rate caps were eliminated, what rates would you charge for operator services?

Response: Given current market conditions in Florida, if there were no caps in place today, Embarq would establish the following surcharges for operator services:

- Person-to-Person \$4.00
- Station-to-Station (Other) \$1.60
- Station-to-Station - Credit Card \$1.00
- Busy Verify \$2.00
- Emergency Interrupt \$3.00

5) Please explain how the “public interest” would be served by eliminating or increasing the rate caps on operator service calls.

Response: Elimination of price caps would help drive innovation within the market so that the best possible services will be made available at the rates customers believe provide fair market value. This will allow companies in the highly competitive operator services and payphone industries to differentiate themselves with the services they offer and the pricing structure they establish. By allowing these providers to tailor their offerings to specific market conditions, it will ensure that they are able to continue to offer these services in a wider range of markets. Eliminating or increasing the rate caps would also allow ILECs to employ market based pricing while still recovering their costs.

6) If the provision of operator services is a competitive market, is it reasonable to expect rates for these services to decrease? Please explain your response.

Response: Generally, yes. While a number of factors influence the rates charged for the provision of services within a competitive market, generally the companies with the optimal rate structures and product offerings to meet individual customer needs should drive the market place.

7) If the FPSC believes the rate caps should be increased and not eliminated, how should those rates be developed?

Response: Rates should be developed either based on the caps currently in place and then adjusted by the rate of inflation or by using the current interstate rate caps as a surrogate.

8) Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.

Response: No, rates should not be solely cost-based because there are too many variables based on area of service and providers' physical network configurations. These are competitive services and the marketplace should be allowed to work to set the appropriate rates and to encourage efficiency and innovation.

9) If the FPSC believes rates must be based on costs, should all parties be required to prepare/present cost studies? Should all studies be prepared/presented in the same way?

Response: Yes, if the FPSC finds that rates must be based on costs, then all providers offering the services should be required to prepare/present cost studies and should employ a consistent methodology so that the results can be accurately compared and analyzed.

10) If the cost to provide any operator service is determined to be less than the current rate caps, should those rates be reduced?

Response: No, rate caps should not be reduced even if the cost is determined to be less than the current rate caps.

11) In post-workshop comments filed by various parties on September 15, 2006, in Docket NO. 060476-TL, it was stated that the provision of operator services is a competitive market. Do you agree? If so, does this mean that there are multiple providers from which payphone providers and call aggregators can obtain operator services?

Response: Embarq generally agrees with this statement. Although all payphone companies and call aggregators may not always have more than one option for the provision of service on a contract basis, there are multiple providers of operator services. Additionally, consumers have alternate means of reaching operator services providers and also have available other substitute services. Consumers have access to operator services via prepaid cards, specific carriers' calling cards, and dial around access. Consumers today also have the options of using wireless (postpaid or prepaid) and VoIP via either landline or wireless.

12) From the viewpoint of a consumer placing an operator-assisted call at a payphone or in the call aggregator context, do you believe the consumer has a competitive alternative? Please explain your response.

Response: Yes, the consumer does have a competitive alternative. A consumer can use a prepaid card, a calling card (via 800 access) or dial around using 1010XXX and have service provided by their carrier of choice in that manner.

13) Please provide any additional comments you believe would assist the FPSC in determining if the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be changed or eliminated.

Response: The Company believes that Operator services like all other telecom services now are competitive in nature. There is no longer a requirement for rate caps, as the market place now offers multiple options for providers of these services.