

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing for the	)	DOCKET NO. 900165-TL
upgrade of party-line service during	)	
1990 filed by CENTRAL TELEPHONE COMPANY	)	ORDER NO. 22856
OF FLORIDA	)	
	)	ISSUED: 4/25/90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER APPROVING TARIFF TO UPGRADE MULTIPARTY  
 SERVICE TO SINGLE-PARTY SERVICE

BY THE COMMISSION:

On January 31, 1990, Central Telephone Company of Florida (Centel) filed a proposed tariff to upgrade all two-party and four-party access lines to one-party access lines during 1990 in its exchanges where the required facilities exist. This filing includes all exchanges except Alford, Cottondale, Grand Ridge, Greenwood, Marianna and Sneads. However, the necessary outside plant needed to upgrade the excluded exchanges is budgeted and planned for construction during 1991.

In support of its filing, Centel contends that there are substantial customer benefits in receiving private or single-party service and that its customers should not have to wait for the service where it is available. Centel also argues that the significance of eliminating multiparty service is sufficient to warrant addressing this topic outside the scope of a rate case.

Through this upgrade project, the multiparty segment of Centel's customers will be upgraded to one-party service. The service upgrade will result in customers having to pay the higher monthly basic service rate applicable to one-party service. The range of the residential rate increase from four-party service to one-party service will be \$1.08 to \$1.99

DOCUMENT NO.

3531-90

ORDER NO. 22856  
DOCKET NO. 900165-TL  
PAGE 2

and from two-party to one-party the range will be \$0.94 to \$1.36. The range of the business rate increase from four-party to one-party service will be \$2.34 to \$3.12 and for two-party service the range will be \$2.12 to \$2.82.

Centel plans to have the provisioning necessary to convert all existing four-party and two-party subscribers to one-party service during 1990 except those exchanges noted above. New service applicants or relocated customers in all exchanges, including those exchanges that have been excluded in this offering, will have to subscribe to one-party service as multiparty service will no longer be offered.

According to the Company, 30 business customers and 2,470 residential customers will be affected by this upgrade. These customers will be notified that they have until January 1, 1991 to switch to one-party service at no charge. After January 1, 1991 all subscribers that have not voluntarily upgraded to one-party service will be automatically upgraded. The Company proposes to waive all nonrecurring charges for the upgrades.

The upgrade of four-party and two-party service to one-party service during 1990, based on incremental access line revenues, is projected to be \$3,359 per month or \$40,315 annually. It does not appear that the revenue effects of the upgrade will adversely affect the Company's current earnings. Based on the November 1989 Surveillance Report, Centel's Return on Equity (ROE) is 10.25%. The projected \$40,315 in additional revenues will increase Centel's ROE by .03%, to 10.28%. The Company's current authorized range for its ROE is 11.75% to 13.75%.

The experience with these types of upgrades is that the costs will not be significant to the Company since the facilities are already in place to convert these customers to one-party service. The actual expenditures for upgrade preparation for the 2,500 multiparty customers are \$40,450. The costs associated with the upgrade are offset by the additional revenue from the upgrade to one-party service. Centel will also benefit from avoiding the high maintenance costs that are often associated with multiparty service.

Upon consideration, we find it appropriate to approve Centel's filing to upgrade its multiparty customers to one-party service. This movement towards a high grade of local

ORDER NO. 22856  
DOCKET NO. 900165-TL  
PAGE 3

service for all Florida customers is consistent with our current policy and should be encouraged when feasible. Centel will receive a positive revenue impact and its subscribers will receive the benefit of increased service quality. We believe the increase in service quality will outweigh the monthly rate increase that will affect existing multiparty customers.

Some multiparty phone instruments require modification to the instrument's bell to accommodate one-party service. Centel proposes to make any such bell modifications to its residential customers at no charge to the customer. We find this action to be appropriate.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Central Telephone Company of Florida's tariff to upgrade its multiparty service customers to one-party service is approved as set forth in the body of this Order. It is further

ORDERED that Centel shall upgrade residential multiparty customer's telephone instrument's bells to accommodate one-party service at no charge to the customer. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission,  
this 25th day of APRIL, 1990.

  
\_\_\_\_\_  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

TH

ORDER NO. 22856  
DOCKET NO. 900165-TL  
PAGE 4

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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 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 or sewer 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.