

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

January 25, 1996

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (BROWN) *AB*
DIVISION OF LEGAL SERVICES (HATCH) *ED*

RE: DOCKET NO. 960076-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY UNITED TELEPHONE COMPANY OF FLORIDA

DOCKET NO. 960075-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY CENTRAL TELEPHONE COMPANY OF FLORIDA

DOCKET NO. 960077-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY GENERAL TELEPHONE COMPANY OF FLORIDA

AGENDA: 2/06/96 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960076TL.RCM

CASE BACKGROUND

The recent changes in Chapter 364, Florida Statutes, by Chapter 95-403, Laws of Florida, allow for local exchange companies to elect price regulation effective as early as January 1, 1996. When a company elects price regulation, certain rates will be capped and the company will be allowed to revise rates only per the statute.

On December 29, 1995 General Telephone Company of Florida (GTEFL) filed notification that it would elect price regulation effective January 3, 1996. On January 2, 1996 United Telephone Company of Florida (United or UTFL) and Central Telephone Company of Florida (Centel) filed notification that they would elect price regulation effective January 2, 1996. This recommendation will address as of what dates these companies' rates should be capped.

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DISCUSSION OF ISSUES

ISSUE 1: With GTEFL's election of price regulation effective January 3, 1996, as of what date should its rates be capped?

RECOMMENDATION: With GTEFL's election of price regulation effective January 3, 1996, its basic and network access rates should be capped effective January 3, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

STAFF ANALYSIS: GTEFL filed notification on December 29, 1995 (Attachment A) that it would elect price regulation effective January 3, 1996. Section 364.051, Florida Statutes, details the provisions of price regulation for the local exchange companies.

Section 364.051(1)(a), Florida Statutes, reads:

For a local exchange telecommunications company with 100,000 or more access lines in service as of July 1, 1995, such company may file with the commission a notice of election to be under price regulation effective January 1, 1996 or,...

Section 364.051(2)(b), Florida Statutes, reads:

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).

GTEFL has filed its notification pursuant to this latter provision.

Therefore, GTEFL's basic local telecommunications service rates will be capped at the levels in effect on January 3, 1996. In addition, these rates cannot be increased until January 1, 1999.

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Section 364.02(2), Florida Statutes, defines basic local telecommunications service as:

...voice-grade, flat-rate residential and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, such term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

In addition to the basic local telecommunications services being capped, there are caps related to protected non-basic services (364.051(6)) and network access services (364.163). The protected non-basic services are capped at the rates in effect on July 1, 1995. There is no cap for all other non-basic services. Network access rates are capped at the rates in effect on January 3, 1996, the effective date of the election.

The non-basic services portion (364.051(6)(a)) specifically states:

...However, for purposes of this subsection, the prices of:

1. A voice-grade, flat-rate, multi-line business local exchange service, including multiple individual lines, centrex lines, private branch exchange trunks, and any associated hunting services, that provides dial tone and local usage necessary to place a call within a local exchange calling area; and
2. Telecommunications services provided under contract service arrangements to the SUNCOM Network, as defined in chapter 282,

shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 1999;...

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With GTEFL's election of price regulation effective January 3, 1996, staff recommends that its basic and network access rates should be capped effective January 3, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

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ISSUE 2: With United's election of price regulation effective January 2, 1996, as of what date should its rates be capped?

RECOMMENDATION: With United's election of price regulation effective January 2, 1996, its basic and network access rates should be capped effective January 2, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

STAFF ANALYSIS: United filed notification on January 2, 1996 (Attachment B) that it would elect price regulation effective January 2, 1996. Section 364.051, Florida Statutes, details the provisions of price regulation for the local exchange companies.

Section 364.051(1)(a), Florida Statutes, reads:

For a local exchange telecommunications company with 100,000 or more access lines in service as of July 1, 1995, such company may file with the commission a notice of election to be under price regulation effective January 1, 1996 or,...

Section 364.051(2)(b), Florida Statutes, reads:

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).

United has filed its notification pursuant to this latter provision.

Therefore, United's basic local telecommunications service rates will be capped at the levels in effect on January 2, 1996. In addition, these rates cannot be increased until January 1, 1999.

Section 364.02(2), Florida Statutes, defines basic local telecommunications service as:

...voice-grade, flat-rate residential and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency services such as "911," all locally available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, such term shall include any extended area service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

In addition to the basic local telecommunications services being capped, there are caps related to protected non-basic services (364.051(6)) and network access services (364.163). The protected non-basic services are capped at the rates in effect on July 1, 1995. There is no cap for all other non-basic services. Network access rates are capped at the rates in effect on January 3, 1996, the effective date of the election.

The non-basic services portion (364.051(6)(a)) specifically states:

...However, for purposes of this subsection, the prices of:

1. A voice-grade, flat-rate, multi-line business local exchange service, including multiple individual lines, centrex lines, private branch exchange trunks, and any associated hunting services, that provides dial tone and local usage necessary to place a call within a local exchange calling area; and
2. Telecommunications services provided under contract service arrangements to the SUNCOM Network, as defined in chapter 282,

shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 1999;...

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With United's election of price regulation effective January 2, 1996, staff recommends that its basic and network access rates should be capped effective January 2, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

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ISSUE 3: With Centel's election of price regulation effective January 2, 1996, as of what date should its rates be capped?

RECOMMENDATION: With Centel's election of price regulation effective January 2, 1996, its basic and network access rates should be capped effective January 2, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

STAFF ANALYSIS: Centel filed notification on January 2, 1996 (Attachment B) that it would elect price regulation effective January 2, 1996. Section 364.051, Florida Statutes, details the provisions of price regulation for the local exchange companies. Centel's election is the same in all aspects as United's (see Issue 2). Staff recommends Centel's basic and network access rates should be capped effective January 2, 1996 pursuant to Sections 364.051(2) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in section 364.051(6)(a), Florida Statutes.

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ISSUE 4: Should these dockets be closed?

RECOMMENDATION: Yes. These dockets should be closed.

STAFF ANALYSIS: With the Commission's approval of staff's recommendations in Issues 1, 2 and 3, these dockets should be closed.

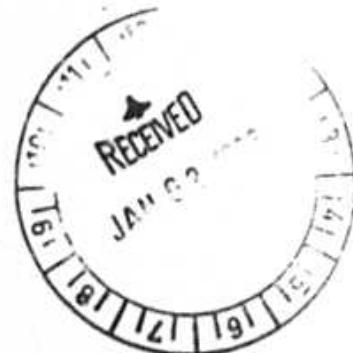


GTE Telephone Operations
Florida Operation

One Temple Street, Suite 1000
Tallahassee, Florida 32301
Tel: 904/224-1111

CMU

December 29, 1995



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

In accordance with Florida Statutes Section 364.051, this is GTE Florida Incorporated's notice that it will begin to operate under price regulation effective January 3, 1996.

Please contact me if you have any questions.

Sincerely,

Beverly Y. Menard

Beverly Y. Menard
Regional Director-Regulatory & Industry Affairs

BYM:wjh

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United Telephone Company of Florida
Box 165000
Altamonte Springs, Florida 32716-5000
Telephone: 407-889-6016
Fax: 407-889-1211

Jerry M. Johns
Vice President-Law &
External Relations

January 2, 1996



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

Re: Notice of Election of Price Regulation by
United Telephone Company of Florida and
Central Telephone Company of Florida

Dear Ms. Bayo:

Pursuant to section 364.051, Florida Statutes (1995), by this letter United Telephone Company of Florida and Central Telephone Company of Florida provide notice of their election to be under price regulation, effective this second day of January, 1996.

Sincerely,

Jerry M. Johns

JMJ/prc

cc: Susan F. Clark, Chairman
J. Terry Deason, Commissioner
Diane K. Kiesling, Commissioner
Julia L. Johnson, Commissioner
Joe A. Garcia, Commissioner

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