

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into the) DOCKET NO. 910757-TP
Regulatory Safeguards Required to) ORDER NO. 25816
Prevent Cross-Subsidization by) ISSUED: 2/27/92
Telephone Companies)
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

ORDER SETTING DOCKET FOR HEARING

BY THE COMMISSION:

By Order No. 23474, issued September 12, 1990, in Docket No. 900633-TL, we initiated the development of a uniform cost methodology for local exchange companies (LECs). Our initial goal was to solicit the views of affected parties, in order to identify the needs to be met by a cost study methodology and to determine the types of cost studies required to fulfill those needs.

At the request of some parties, a separate task force was formed to investigate issues relating to cross-subsidization between monopoly and competitive services. At the Cross-Subsidy Task Force meeting on January 10, 1991, representatives of the LECs, interexchange carriers, pay telephone providers, cable television companies, and large telecommunications users were given the opportunity to present comments on cross-subsidy and the methods whereby it could be detected. No consensus emerged from the work of the Task Force.

By Order No. 24910, issued August 13, 1991, we determined that issues regarding cross-subsidization should be addressed in a forum separate from the development of the local exchange company cost of service methodology docket. Accordingly, this docket was opened to examine the regulatory safeguards required to prevent cross-subsidization by telephone companies.

On September 20, 1991, intervening parties submitted briefs addressing the legal requirements of the revised Chapter 364. On September 25, 1991, our staff held a workshop to define the

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appropriate topics for consideration in this docket. At the February 4, 1992, Agenda Conference our staff presented a recommendation defining what characterization of cross-subsidy is appropriate and consistent with Section 364.3381. Additionally, the recommendation discussed what services should be subject to the cross-subsidy requirements of the revised Chapter 364. It was evident at the Agenda Conference that at least two conflicting positions as to the appropriate cost standard have emerged: incremental cost and fully distributed cost. The parties indicated that any preliminary decision by the Commission issued as a proposed agency action would be protested.

Upon consideration, we find it appropriate to proceed directly to hearing on this matter. The hearing will allow us the opportunity to explore in depth the various parties' positions on the issue of cross-subsidization. The schedule for this hearing will be established by separate order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the matter of the regulatory safeguards required to prevent cross-subsidization by telephone companies shall be set for hearing. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 27th day of FEBRUARY, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.