

Commissioners:
SUSAN F. CLARK, CHAIRMAN
J. TERRY DEASON
JULIA L. JOHNSON
DIANE K. KIESLING
JOE GARCIA

State of Florida



Blanca S. Bayó, Director
Division of Records and Reporting
(904) 413-6770

Public Service Commission

DATE: August 23, 1995
TO: Parties of Record
FROM: Blanca S. Bayó, Director ^{BSB}
Division of Records and Reporting
RE: Docket No. 950696-TP - Determination of funding for Universal Service and Carrier of Last Resort Responsibilities.
Docket No. 950737-TP - Investigation into temporary local telephone number portability solution to implement competition in local exchange telephone markets.

This is to inform you that the Commissioners have reported the following communications in the above referenced dockets

- Letter from Florida State Representative R. Z. "Sandy" Safley dated July 20, 1995.
- Letter from Florida State Representative R. Z. "Sandy" Safley dated July 25, 1995.

These letters, copies of which are attached, are being made a part of the record in these proceedings. Pursuant to Section 350.042, F.S., any party who desires to respond to an ex parte communication may do so. The response must be received by the Commission within 10 days after receiving notice that the ex parte communication has been placed on the record.

BSB/cp

Attachments

cc: Rob Vandiver/w/letter



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: August 22, 1995

TO: Blanca Bayó, Director of Records and Reporting

FROM: Wilbur Stiles, Assistant to the Chairman *WJS*

RE: Docket No. 950696-TP

I have attached a copy of a letter of July 25, 1995, from Florida State Representative R.Z. "Sandy" Safley, two letters from Mr. Chester Osheyack to Representative Safley, and the Chairman's response to those letters. This correspondence references matters at issue in the above-referenced proceeding.

Our office sent a copy of these letters to the Division of Records and Reporting on August 3, 1995, without a cover memo with specific instructions to place the memo and attachments on the record of the above-referenced proceeding. Please place this memorandum and attachment on the record of this proceeding. Also, please give notice of this communication to all parties to the docket and inform them that they have 10 days from receipt of the notice in which to file a response.

RECEIVED

AUG 22 1995

ESC-RECORDS REPORTING

State of Florida

Susan F. Clark
Chairman



Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
(904) 413-6040
FAX (904) 487-1716

Public Service Commission

July 25, 1995

Honorable R.Z. "Sandy" Safley
Representative, 48th District
Florida House of Representatives
28051 US 19 North, Suite B
Clearwater, Florida 34621-2647

Dear Representative Safley:

Thank you for your letter of July 20, 1995, regarding implementation of the new telecommunications law. You correctly pointed out that one of the principal challenges facing this Commission will be safeguarding the interests of consumers while at the same time encouraging the development of local competition.

The issues cited in your letter are being considered by the Commission in several dockets. Issues associated with Universal Service/Carrier of Last Resort are being considered in Docket No. 950696-TP; issues associated with Number Portability are being considered in Docket No. 950737-TP.

Our staff is now working with the parties to identify issues. Two staff workshops were held earlier this month for this purpose. The Commission is scheduled to hold a hearing in the Universal Service/Carrier of Last Resort docket on October 16-21, 1995. The hearing for the Number Portability docket is scheduled for October 25-28, 1995. Both hearings presently include Saturday hearing time and are scheduled for decision in mid-December.

With respect to the rulemaking process relative to Alternative Local Exchange Companies (ALEC), the rules are in a very preliminary stage. The staff draft rules are scheduled for a staff workshop on August 3, 1995. The workshop will provide all parties the opportunity to provide input on the draft rules. A revised draft may result from that workshop. The rules are scheduled for an initial Commission vote on September 12, 1995. Your comments regarding the use of tariffs as the vehicle for price information will be considered in the rulemaking process.

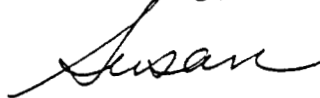
I have enclosed the anticipated time lines for the dockets discussed above. Also, legislative staff have been added to the service list for all relevant dockets.

Representative Safley
July 25, 1995
Page 2

You may be interested in knowing that the Commission has already received four letters from AAVs (alternative access vendors) indicating their plans to provide competitive local exchange service. I look forward to getting local exchange competition in place as quickly as possible and to bringing quality telecommunications services to the public at the lowest possible cost.

Thank you for your active involvement at the Legislature in these major issues. We have appreciated the knowledge and interest you bring to this subject. Your letter will be filed on the correspondence side of the files for these dockets.

Sincerely,



Susan F. Clark
Chairman

SFC/jb
Enclosure

c: Commissioner Deason
Commissioner Johnson
Commissioner Kiesling
Commissioner Garcia
Greg Krasovsky
Clay Phillips
Rob Vandiver
Richard Tudor
Division of Records and Reporting
- DN950696-TP and DN950737-TP



Public Service Commission

-M-E-M-O-R-A-N-D-U-M-

DATE: July 25, 1995

TO: William D. Talbott, Executive Director

FROM: Division of Communications (D'Haeseleer, Tudor, Simmons, Taylor)

RE: Implementation of Local Exchange Competition - For Briefing Purposes Only

CRITICAL DATES: Place on August 1 Internal Affairs in order to brief Commission concerning key issues to be addressed through the remainder of 1995 to implement S.B. 1554

Senate Bill 1554, F.S. requires explicitly or implicitly that this Commission take a number of steps in order to implement local exchange competition effective January 1, 1996. To date, staff has concentrated on laying out plans to address the explicit short term requirements of the new law. As time permits, staff has been identifying existing policies that should be modified or removed and citing areas where new policies may be necessary in order to facilitate the transition to local competition. The enclosed package focuses on the first set of activities in that it provides a description and time line for those projects which must be completed by the end of this year or immediately thereafter. Our purpose in providing this package at this time is to inform the Commissioners and the parties of the nature, scope, and schedule of known activities for the remainder of the year.

To date, staff has conducted two issue identification workshops in the areas of a) interim funding for universal service and carrier of last resort responsibilities and b) telephone number portability. These workshops have confirmed that there is much at stake for the parties, and that we can expect that all of these local exchange competition related proceedings will be extremely intense, with the Commission ultimately having to balance a number of potentially conflicting objectives and viewpoints. We should also note that four AAVs (TCG, MCI, MFS, and Payphone Consultants) have already applied to become ALECs.

The enclosed package provides an aggregate time line covering nine key projects, plus a summary sheet on each project explaining the objective(s), general approach, and key internal and external events. In some cases the schedules are tentative and represent the best available information which we have at this time. Where possible, we will rely on negotiations with the parties; however, this inherently creates some uncertainty about when and where hearings will be needed. For these situations, we have reserved tentative hearing dates wherever possible.

In addition to the projects described in the enclosure, staff will be involved in a multitude of other related issues. Examples include: closing or revising open dockets in light of the new statute, identifying conflicting language between state law and any new federal law, considering changes in IXC certification requirements, simplifying the tariff approval process, determining ALEC operational standards, and others. Finally, staff will also be handling carry-over implementation work associated with several major dockets such as the Southern Bell rate case stipulation, intraLATA presubscription, expanded interconnection/local transport restructure, and mobile interconnection.

SAS/mm
Enclosures
c: Mary Bane

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Implementation of Local Exchange Competition

KEY PROJECTS: AUGUST-DECEMBER 1995

	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
ALEC Certification	3	31	12	29	3
	3 Workshop to discuss draft rule language	31 Staff Recommendation	12 Agenda	29 PAA Order	3 File Rule with Secretary of State's Office or Revise CASR
Universal Service/Carrier of Last Resort (Issue Identification, July 14, 1995)	14	27	16-21		5 11 29
	14 Direct Testimony Due	27 Prehearing Conference	16 - 21 Hearings		5 Staff Recommendation 11 Special Agenda 29 Standard Order
Interconnection and Resale Rates			9	25-28	21
			9 Tentative Prehearing	25-28 Tentative Hearing	21 Tentative Agenda
Number Portability (Issue Identification, July 20, 1995)		1	9	25-28	7 14 29
		1 Direct Testimony Due	9 Prehearing	25-28 Hearings	7 Staff Recommendation 14 Special Agenda 29 Standard Order
Non-Basic Service Categories					

WORKSHOP

* PAA Recommendation - January 1996

Implementation of Local Exchange Competition

KEY PROJECTS: AUGUST-DECEMBER 1995

	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER
EAS/ECS	3 15 17 29 31	10			
	3 Staff Recommendation 15 Agenda 17 Staff Recommendation 29 Agenda 31 Staff Recommendation	10 Agenda			
Streamlined Regulation for Small LECs		13	26	7 22	27
		13 File expedited rule request with Appeals	26 Staff Recommendation	7 Agenda 22 PAA Order	27 File with Secretary of State's Office
Shared Tenant Services			15 26	7 22	27
			15 File Expedited rule Request with Appeals 26 Staff Recommendation on Rule Changes / LEC tariff changes	7 Agenda 22 PAA Order	27 File with Secretary of State's Office
Consumer Information Program	15				
	15 Internal Affairs to review staff proposal				

Docket No.: Undocketed
Project Title: ALEC Certification Rulemaking

Objective: Chapter 364.335 and 364.337, F.S. require each applicant requesting authority to provide alternative local exchange service to become certificated by this Commission. The statutes further require certain criteria to be met before a certificate can be granted. The rule amendments clarify and codify these statutory provisions in such areas as safety standards and initial and ongoing filing requirements.

General Approach: Initial draft rules and rule request form were prepared May 15, 1995. Currently, the schedule of upcoming events is as follows:

Key Internal and External Events:

Workshop to discuss draft rule language	August 3, 1995
Staff Recommendation	August 31, 1995
Agenda	September 12, 1995
PAA Order/FAW Notice	September 29, 1995
Request for Hearing/Comments Due	October 20, 1995
File Rule with Secretary of State's Office or Revise CASR	November 3, 1995
Hearing	November, 1995 (date TBA)

Docket No.: 950696-TP
Project Title: Determination of funding for Universal Service and Carrier of Last Resort Responsibilities

Objective(s): New Chapter 364.025(2) mandates that the Commission implement an interim universal service mechanism no later than January 1, 1996. This proceeding is to specify how such a mechanism is to be structured and to whom it will be assessed.

General Approach: Given the controversial nature of this project, a hearing schedule has been established. Several key issues will need to be resolved through the hearing process. These issues include: to whom an interim mechanism should apply; what investments or costs are to be recovered from the interim mechanism; how such amounts are apportioned and recovered from the applicable entities; and, who should receive funding or benefits from such a mechanism. Staff has been analyzing this topic for some time and thus has preliminary viewpoints; as such, we are familiar with the general conceptual approaches likely to be advocated by parties. Accordingly, we will place somewhat greater emphasis on ensuring that there is sufficient data in the record actually to formulate and quantify an interim mechanism.

Key Internal and External Events:

*Staff Memorandum to Parties	June 23, 1995
*Issue Identification	July 14, 1995
File Discovery	August - September 1995
Direct Testimony Due	August 14, 1995
Staff Testimony (if needed)	August 28, 1995
Rebuttal Testimony Due	September 8, 1995
Prehearing Statements Due	September 8, 1995
Staff Exhibits to Legal	September 14, 1995
Draft Prehearing Order	September 20, 1995

* Completed Events

Docket No.: 950696-TP
Project Title: Determination of funding for Universal Service and
Carrier of Last Resort Responsibilities

Page 2

Prehearing Conference	September 27, 1995
Depositions (if needed)	October 2-6, 1995
Cross Examination Questions to Legal	October 9, 1995
Hearings	October 16 - 21, 1995
Transcripts (daily)	October 23, 1995
Briefs Due	October 30, 1995
Draft Recommendation circulated	November 20, 1995
Staff Recommendation	December 5, 1995
Special Agenda	December 11, 1995
Standard Order	December 29, 1995

Docket No.:
Project Title:

NA
Determination of interconnection and resale rates where 7/1/95 ALEC applicants' negotiations fail, and decision on unbundling requests where negotiations fail.

Objective(s): The New Chapter 364.162, mandates that the parties have 60 days to negotiate mutually acceptable prices, terms and conditions for interconnection and resale of services and facilities. If the negotiated price is not established by August 31, 1995, either party may petition the Commission to establish nondiscriminatory rates, terms and conditions. This project is to prepare the Commission to handle the cases if negotiations fail.

General Approach: We are planning as if we will receive a request on August 31, 1995. In addition, hearing dates have been reserved in anticipation that some party will petition the Commission. The expanded interconnection proceeding (920174-TP) should be used as a guide to this process as much as possible. In this proceeding interconnection issues such as physical versus virtual, terms and conditions, and pricing flexibility were discussed at length. Rates have yet to be addressed in that all the LECs are filing tariffs, and the staff will review on an individual basis.

Staff's initial focus after a petition has been filed should be the status of the current negotiations and a description of what matters have been agreed to and what issues are unresolved. Further, staff will develop a set of discovery to be sent out to the parties within a week of receiving the petition.

The key issue in this project, assuming we receive a petition, will be the ability of the Commission to set nondiscriminatory rates. The rates could vary based on the location of the arrangement, and the agreements are going to vary, many being on a national, regional or statewide basis.

Key Internal and External Events:

Deadline for negotiations	August 31, 1995
Staff Discovery	September 1 - October 9
Tentative Prehearing	October 9, 1995
Tentative Hearing	October 25 - 28, 1995
Tentative Agenda	December 21, 1995

Docket No.: 950737-TP
Project Title: Investigation into temporary local telephone number portability solution to implement competition in local exchange telephone markets.

Objective(s): New Chapter 364.16 (4) mandates that the Commission ensure that a temporary number portability solution is in place no later than January 1, 1996. This proceeding is to make sure the LECs have a temporary number portability solution in place by that date.

General Approach: Given the controversial nature of this project and the limited amount of time prior to the hearing dates which have already been scheduled, staff intends to go directly to a hearing. The main issues that will be involved in the hearing are what temporary number portability solution should be provided, and what is the appropriate price to charge competing local exchange providers.

Key Internal and External Events:

*Issue Identification	July 20, 1995
Number Portability Standards Group Meeting	August 3, 1995
Stipulation Report	August 25, 1995
Direct Testimony Due	September 1, 1995
Staff Testimony Due (if needed)	September 15, 1995
Rebuttal Testimony Due	September 29, 1995
Prehearing Statements Due	September 29, 1995
Prehearing	October 9, 1995
Hearings	October 25-28, 1995
Transcripts Due	October 30, 1995
Briefs Due	November 6, 1995

*Completed Event

Docket No.:

950737-TP

Project Title:

Investigation into temporary local telephone number portability solution to implement competition in local exchange telephone markets.

Page 2

Staff Recommendation December 7, 1995

Special Agenda December 14, 1995

Standard Order December 29, 1995

Docket No.: NA
Project Title: Define "categories" of non-basic services.

Objective(s): New Chapter 364.051 (6) requires that under price regulation, each LEC shall maintain tariffs with the Commission containing the terms, conditions and rates for each of its non-basic services. This project is to identify the specific non-basic services categories for purposes of determining which services can, when aggregated, receive an overall increase. The price increase for any non-basic service category can not exceed 6% within a twelve-month period until another provider of local telecommunications service is in a Company's exchange, at which time the price increase shall not exceed 20%.

General Approach: At this point, staff has not determined if a hearing will be required for this project. Initially, a data request will be sent to all of the LECs. Subsequent to staff's review of the LECs' responses, a workshop will be held. Through the process of workshops, staff would like to negotiate with the parties in identifying specific non-basic service categories. If negotiations are successful, we intend to take a PAA recommendation to agenda conference. If an agreement can't be reached, a hearing process may be required.

Key Internal and External Events:

Data Request to LECs	August 1995
Responses Filed	September 1995
Staff Workshop	October 1995
PAA Recommendation	January 1996
Hearing Process (if required)	
Testimony Due	October 30, 1995
Staff Testimony Due (if needed)	November 13, 1995
Rebuttal Testimony Due	December 1, 1995
Prehearing Statements Due	December 1, 1995
Prehearing	December 22, 1995

Docket No.:
Project Title:

NA
Define "categories" of non-basic services.

Page 2

Hearing(s)	January 10-13, 1996
Transcripts Due	January 22, 1996
Briefs Due	February 12, 1996
Staff Recommendation	March 14, 1996
Special Agenda	March 26, 1996

Docket No: Multiple
Project Title: Resolution of remaining EAS/ECS cases
that were pending prior to March 1, 1995.

Objective(s): Saving clauses in 364.385(2), mandate changes in Extended Area Service (EAS) and Extended Calling Service (ECS). The Commission had postponed action on many EAS related dockets since 10/93, in order to conduct a generic EAS investigation and to possibly modify the EAS rules to resolve the issues identified. We intend to address these dockets through recommendations instead of rulemaking. In addition, we will recommend how to deal with EAS related dockets opened between March 1, 1995 and July 1, 1995, and what action the Commission should take on requests received after July 1, 1995.

General Approach: Because the issues involved in these pending EAS dockets vary, staff will divide the dockets into subject categories (such as: intraLATA alternative toll plans, interLATA alternative toll plans, pockets, interLATA and traffic studies). These recommendations will be PAA to allow affected parties an opportunity to protest.

Staff will recommend that the current rule docket (930220-TL) be closed. We believe the new law has limited the Commission's authority in this area and that we should modify our rule proposal to address the impact of the new law.

Key Internal and External Events:

Staff recommendation (Rule closure and initial set of EAS cases)	August 3, 1995
Agenda	August 15, 1995
Staff recommendation (Additional set of EAS cases)	August 17, 1995
Agenda	August 29, 1995
Staff recommendation (Additional set of EAS cases)	August 31, 1995
Agenda	September 10, 1995
Review of EAS rules and revision	1st quarter 1996

Docket No.: None
Project Title: Development of revised rules and procedures for Rate of Return regulation of small Local Exchange Companies

Objectives: Chapter 364.052 requires that new rules and procedures be implemented by Jan. 1, 1996, to streamline the regulation of small Rate-of-Return regulated LECs. This proceeding will establish these rules and regulations on an expedited basis.

General Approach: Staff will undertake an expedited rulemaking proceeding. It is our expectation that we will NOT have to go to hearing on the rules. We will bring a proposed revision of internal procedures to Internal Affairs.

Key Internal and External Events:

Identify rules subject to change	August 18, 1995
Notify Appeals of forthcoming proposed rule changes	August 18, 1995
Staff Workshop (if needed)	September 5, 1995
File expedited rule request with Appeals	September 13, 1995
EIS (if needed)	October 13, 1995
Staff Recommendation	October 26, 1995
Agenda	November 7, 1995
PAA Order/FAW Notice	November 22, 1995
Request for Hearing/Comments	December 13, 1995
File with Secretary of State's Office or Revise CASR	December 27, 1995
Revised rules effective	January 1, 1996
Internal Affairs on procedures	February 1996

Docket No.: NA
Project Title: Determination of definition for Residential Tenant and necessary shared tenant service rule changes.

Objective(s): Revised Chapter 364.339 Shared tenant services; regulation by commission; certification; limitation as to designated carriers - contains the following changes:

- 1) Effective January 1, 1996 ... commercial tenant restriction eliminated as well as single building requirement.
- 2) Certification is required. Applicants must show they have sufficient technical, financial, and managerial capabilities to provide STS service.
- 3) PSC may require different rates for residential and commercial tenants if it is in the public interest.

The purpose of this project is to revise the STS rules and LEC tariffs to comport with revised Chapter 364.339.

General Approach: Given the above statutory changes, research will need to be done to determine if there might be a legal description of tenants in another statutory provision that can be used in our rule definition of residential tenant. The revised STS law under subparagraph (5) provides access to the LEC for commercial tenants, but does not have a similar provision for residential tenants. This quirk in the law will have to be addressed by the PSC in our revised STS rules - Chapter 25-24.550 through .585, F.A.C. Further, the current rules will need to be reviewed and fixed to comply with other statutory changes, i.e., 364.01(4)(f), F.S., which reads: "Eliminate any rules and/or regulations which will delay or impair the transition to competition." In addition, a determination will have to be made to differentiate between STS and ALEC service.

Key Internal and External Events:

Residential Tenant Definition	August 1, 1995
Review current STS rules for inconsistencies	August 15, 1995
Draft First of Revised STS rules	September 15, 1995
File Expedited Rule Request with Appeals	October 15, 1995

Docket No.: NA

Project Title: Determination of definition for Residential Tenant and necessary shared tenant service rule changes.

Page 2

EIS

Waive

Staff Recommendation on
Rule Changes/LEC tariff changes

October 26, 1995

Agenda

November 7, 1995

PAA Order/FAW Notice

November 22, 1995

Request for Hearing/Comments

December 13, 1995

File with Secretary of State's
Office or Revise CASR

December 27, 1995

Revised STS Rules effective

January 1, 1996*

Revised LEC Tariffs effective

January 1, 1996*

* Since the statutory changes become effective January 1, 1996, the above actions must be accomplished and the rules and tariffs in place on January 1, 1996.*

Docket No: NA
Project Title: Development and Implementation of PSC consumer information program

Objective(s): The new statute 364 section 32, mandates that by January 1, 1996, the Commission shall implement a consumer information program to inform subscribers of the possibility of competitive providers of local exchange services, their rights as customers of these alternative providers, and any other information the Commission deems appropriate.

General Approach: We plan to develop bill stuffers and a consumer bill of rights to initially inform subscribers of the implications of the new law. At the August 15 Internal Affairs staff will be describing this baseline proposal and discretionary options such as regional (town hall) meetings, On-line (Internet) information, public service announcements, and other potential means for informing customers.

Key Internal and External Events:

Initial development of bill stuffers, consumer bill of rights, and consumer education program.	July - August 1995
Internal Affairs to review staff proposal	August 15, 1995
Completion and initial implementation of consumer education program.	September 1, 1995



95-0205 JUL 24

Florida House of Representatives

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813-725-7908

R. Z. "SANDY" SAFLEY
REPRESENTATIVE, DISTRICT 48

325 The Capitol
Tallahassee, FL 32399-1300
904-488-5580

20 July 1995

RECEIVED

The Honorable Susan F. Clark, Chair
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

JUL 24 1995
Florida Public Service Comm.
Commissioner Clark

Dear Madam Chair:

I would like to take this opportunity to thank you for the Public Service Commission's close collaboration with the Florida Legislature in rewriting Chapter 364, Florida Statutes.

The final language of CS/SB 1554 grants authority to the PSC to monitor and supervise the development of open competition in the telecommunications industry. Specifically, the role of the PSC includes reviewing basic service rate caps; establishing service quality standards; cross-subsidy enforcement; development of universal service mechanisms by January 1, 1997; resolution of interconnection disputes; anti-competitive oversight; establishing a consumer information program; and reporting to the Legislature on the status of effective competition on an exchange-by-exchange basis in order to determine the future of price caps.

Moreover, earlier in the legislative process, language was adopted that would grant broad authority to the PSC to thoroughly examine several factors in preparing a report to the Florida Legislature. Among the factors outlined in the amendment language was "any other information in the public interest". It is my opinion that the clear intent of the Legislature is to have the PSC safeguard the interests of consumers as effective competition develops.

Equally important, however, is the Legislature's mandate to the Commission to actively encourage the development of local competition. In the long run, it is my hope and expectation that competition will provide the best chance for consumer choice, new services, and lower prices. Putting into place rules and mechanisms that enable competitors to enter and operate successfully in the market will have the greatest long term positive impact for consumers. This will require the Commission to take an aggressive approach with that end in mind.

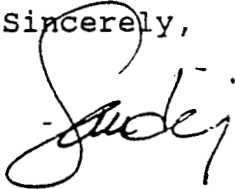
Resolution of the key areas of interconnection, number portability, and universal service/carrier of last resort mechanisms can have a major impact on the early and long term viability of competitors. For example, the mandate for an interim universal service mechanism need not necessarily result in immediate funding by telecommunications companies, and could have a chilling effect on new entrants. Additionally, the rules governing the operations of new entrants should reflect their lack of market power and the ability of their customers to get service from the existing local companies. I note that the proposed staff rules for ALECs call for tariffs to be filed by AAVs with their ALEC certificate notices. Tariffs may not be the vehicle of choice for disseminating ALEC price information, and the statute certainly does not require them to be filed with the notice letter. The Commission should adapt to regulating in a competitive environment by asking whether each requirement it imposes is consistent with the statute's intent, and whether the requirement is absolutely necessary to achieve that intent.

It is my hope that the PSC will adopt a policy of thorough examination of all relevant factors in the best interest of the consumer in the effort to foster effective competition in the telecommunications industry.

Mrs. Susan Clark
Page 3

I look forward to working with you, the other PSC Commissioners, and your staff as Florida moves forward. Your work and the decisions relating to how the new act is implemented will have a profound impact on Florida's citizens.

Sincerely,

A handwritten signature in cursive script, appearing to read "Sandy", written in dark ink.

R.Z. "Sandy" Safley
State Representative District 48

RZS/pab

cc: House Committee on Utilities and Telecommunications
Jack Shreve, Public Counsel

State of Florida

Susan F. Clark
Chairman



Gerald L. Gunter Building
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Public Service Commission

August 2, 1995

The Honorable R.Z. "Sandy" Safley
Representative, 48th District
Florida House of Representatives
Suite B
28051 U.S. Highway 19 North
Clearwater, Florida 34621-2647

Dear Representative Safley:

Thank you for your letter of July 25, 1995, with which you forwarded two letters from Mr. Chester Osheyack regarding the telecommunications industry.

One of Mr. Osheyack's letters referred to telephone companies' universal service obligations. I will place this letter on the correspondence side of the file for Docket No. 950696-TP. This is the docket in which the Commission is considering issues regarding the universal service requirements of the new telecommunications law.

Mr. Osheyack's other letter expresses concerns about the local exchange telephone companies' disconnect authority. The Commission's rules allow local exchange telephone companies to disconnect telephone service for nonpayment of charges for long distance toll service provided by interexchange carriers, such as AT&T, MCI, etc. This disconnect authority exists, however, only for nonpayment of charges billed and collected by the local exchange carriers on behalf of the interexchange carriers.

The Commission adopted this policy in order to minimize the costs associated with the bad debts that would have arisen in the absence of such a policy. The Commission believed that excessive bad debt expense would have been reflected in the form of higher toll rates among the long distance companies providing service to Florida's consumers.

The Honorable R.Z. "Sandy" Safley
August 2, 1995
Page 2

In addition to helping to ensure reasonable long distance rates, the sale of billing and collection services to interexchange carriers had the desired effect of helping to keep prices for local exchange services at reasonable levels. The local exchange companies were allowed to sell billing and collection services at prices which provided a financial contribution to basic local exchange service.

Since the time this policy was implemented, the telecommunications industry has undergone, and continues to undergo, significant changes. Many services have become competitive as new technology affords new opportunities for multiple providers of similar services. Recently, the Commission staff has been researching the effectiveness and necessity of the Commission's disconnect policy with an eye toward encouraging competition in the provision of billing and collection service. As a result of this research, staff is proposing to rewrite the Commission's rule in such a way that it would prevent the local exchange telephone companies from disconnecting service for non-payment of long distance company toll charges.

As Mr. Osheyack pointed out in his letter, disconnect authority may stifle competition by providing an undue incentive for the interexchange carriers to avail themselves of the local exchange carriers' billing and collection services. The Commission's staff is concerned that preventing the local exchange carriers from disconnecting service for nonpayment of interexchange carriers' toll charges discourages other potential providers of billing and collection services, such as credit card companies.

The staff is of the opinion that changing the policy has the prospect of benefiting consumers by allowing them to maintain local service, regardless of whether or not long distance company toll charges have been paid. While there has been concern in the past that this change could bring about higher rates for long distance calls, there is now reason to believe that the number of competitive interexchange carriers operating in the state may be sufficient to maintain reasonable prices.

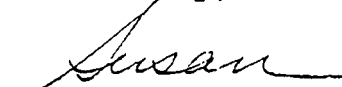
Please allow me to emphasize that this matter has not been addressed by the Commissioners. The Commission's staff intends to present its proposal to the Commissioners at an

The Honorable R.Z. "Sandy" Safley
August 2, 1995
Page 3

Agenda Conference in the near future. At that time, the Commissioners will decide whether or not a change to its policy is appropriate.

Thank you for your input regarding these matters.

Sincerely,



Susan F. Clark
Chairman

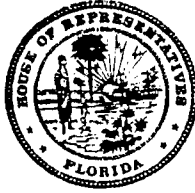
c: Rob Vandiver, General Counsel
Sally Simmons, Division of Communications

RECEIVED

JUL 28 1995

Florida Public Service Comm.
Commissioner Clark

95-0214 AUG-3



Florida House of Representatives

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R. Z. "SANDY" SAFLEY
REPRESENTATIVE, DISTRICT 48

325 The Capitol
Tallahassee, FL 32399-1300
904-488-5580

July 25, 1995

Ms. Susan F. Clark, Chairman
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0859

Dear Susan:

First, let me again thank you for the very appropriate and fitting dedication ceremony for the new Public Service Commission offices. It was my privilege to sponsor the legislation naming your new facilities after former Commissioners Gunter and Easley and I was honored to participate in the dedication.

Secondly, I want to share with you some information given to me by a constituent. I believe his points are well made as they relate to your consideration of the interim mechanism for any universal service obligations. Knowing the authority granted to you under the new legislation, you will want to be cognizant of points raised in this letter and memorandum.

As we discussed at the dedication, I will continue to share with you my thoughts, expression of intent, and other issues as Florida prepares for the implementation of the new telecommunications act. Likewise, I respectfully request that you keep me advised on your thoughts and any need for legislative action as Florida prepares for the change in direction in the telecommunication/information market place.

Yours truly,

A handwritten signature in cursive script, appearing to read "Sandy", written over a large, stylized flourish.

R. Z. "Sandy" Safley
Representative, District 48

Enclosures

cc: Chester Osheyack

CHESTER OSHEYACK
17850-A Lake Carlton Drive
Lutz, Florida 33549

- * July 25, 1995
- * The Honorable R.Z. "Sandy" Safley
Florida House of Representatives
28051 US 19 No., Ste B
Clearwater, Florida 34621

RECEIVED
JUL 25 1995
U.S. HOUSE OF REPRESENTATIVES
CLEARWATER, FLORIDA

* Dear Sandy:

Enclosed find a memorandum which attempts to address the impact of "disconnect authority" on the marketplace.

While it has been the predisposition of the FPSC in the past to permit concerns about economic impact on the telcos to guide their decisions, it is important to point out that the principles of competition are best served if the telcos are required to adjust to the demands of the market rather than the reverse which is the nature of monopoly regulation. The current role of the government regulatory agency, in addition to consumer protection, is the maintenance of fair trade in a free market. The manner in which this is accomplished is by the implementation of the intents, purposes and mandates of the new telecommunications law.

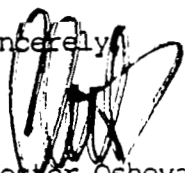
The so-called disconnect authority, which procedure enables the local exchange companies to block customer access to competitors is anti-competitive, and under the mandate of the new telecommunications law, it should be rescinded.

Furthermore, absent a clearly defined public interest, the "joint operating agreements" between local exchange companies and inter-exchange companies are in violation of federal and state anti-trust law, and as such should be nullified.

The impact on both of the above noted processes on the markets is antithetical to the stated legislative intent to promote competition and achieve universal basic local and emergency telephone service.

An important factor in the reform process that bears scrutiny is the bureaucratic culture bred as a consequence of more than ten-years of monopoly regulation. Given the nature of government bureaucracy, the motivation for retraining may well have to originate with the legislature. To ignore the need to help the PSC staff and management to understand and cope with the new competitive environment in the making, would be to render the legislative reform effort of 1995 to be ineffective.

Sincerely,



Chester Osheyack
(813) 960 4610 daytime

CHESTER OSHEYACK
17850-A Lake Carlton Drive
Lutz, Florida 33549

July 25, 1995

M E M O R A N D U M

To: Sandy Safley

From: Chet Osheyack

Subject: Figures lie and liars figure!

Periodically, the TIMES publishes statistics (aka trivia) in a column on the front page of the B-Section of the daily paper. One of the stats that has appeared from time to time is a report as follows:

Hillsborough Cty total households (est) 1.5 million
Hillsborough Cty households with telephones 92.7%
Hillsborough Cty households without telephones 7.3%

These figures purport to represent the degree of attainment of the universal service objective in the marketplace.

In a recent petition filed by GTE Florida for a Rule Variance (see Docket No. 930879-TL, filed February 22, 1995), GTE Florida released the following relevant statistics:

GTE Florida has terminated basic local telephone service to collect long distance (toll) bills at a rate of approximately 10,000 to 12,000 customers per month.

GTE Florida contends that its collection rate on delinquent accounts is approximately 15% (presumably irrespective of whether the non-payment is based in customer fraud, inability to pay, or unresolved disputes about billing errors).

If you extrapolate these numbers and extend the result to reflect a cumulative impact over a 5-year period, it would mean that in the GTE Florida territory, there could be as many as 600,000 (+ or -) households without telephones. Of course there are variables that should be considered, however, even if the final figure is cut in half, there would still be a substantial disparity between the estimates put forth by GTE Florida and the reality of the marketplace. It is apparent that GTE Florida does not consider households which have had basic local and emergency telephone service disconnected to collect long distance telephone bills, to be eligible for inclusion in the universal service statistics.

This information is significant for the following reasons:

If the market-based numbers are projectable to other local exchange company territories within the State of Florida, the resulting statistics could be staggering.

The new Florida telecommunications law (SB 1554 Ch 364.025 S (1), mandates the following: "For a period of 4-years after the effective date of this Section (sic 1/1/96), each local exchange company shall be required to furnish basic local exchange telecommunications service within a reasonable time period to any person requesting such service within the company's territory". The question that arises here is the definition of "any person" in the light of the fact that GTE Florida considers those "persons" who have had local and emergency telephone service disconnected to collect long distance telephone bills, to be "non-persons".

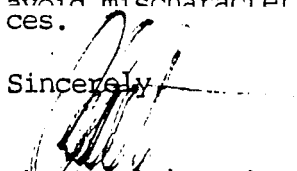
FCC Chairman, Reed Hundt, in a recent appearance before the US HR sub-committee conducting hearings on the subject of telecommunications reform, publicly denounced the practice of utilizing disconnect authority by LECs to collect delinquent IXC bills as being, among other things, a significant source of distortion of universal service statistics.

This memorandum is submitted for the purpose of emphasizing the importance of preparing a proper base of statistical data for use in the implementation of the Florida Legislature's intent as expressed in SB 1554 Ch 364.01 (4) (a) to wit:

The Commission (FPSC) shall exercise its exclusive jurisdiction in order to"Protect the public health, safety and welfare by ensuring that basic local telecommunications service is available to all consumers in the state at reasonable and affordable prices."

It would appear that there are important steps to be taken by both government and the local telephone service providers which relate directly to their inter-relationship even before consideration is given to the establishment of a universal service mechanism. Careful definition of terms and tagging or categorizing of consumers are two exceedingly important elements to be considered. Ancillary to the process of categorizing customers, the importance of addressing dispute resolution procedures must be considered to avoid mischaracterizations which may lead to unintended consequences.

Sincerely,


Chester Osheyack
(813) 960-4610