

**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**

July 18, 1996

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

**FROM:** DIVISION OF COMMUNICATIONS (K. LEWIS) *KDL*  
DIVISION OF LEGAL SERVICES (BILLMEIER) *MB*

**RE:** DOCKET NO. 960870-TC - AMERITEL PAY PHONES, INC. -  
PETITION FOR EXEMPTION FROM RULE 25-24.515(7), F.A.C. TO  
PERMIT PROVISION OF 0+ LOCAL AND 0+ INTRALATA CALLS FROM  
PAY TELEPHONES LOCATED IN CONFINEMENT FACILITIES.

**AGENDA:** 07/30/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -  
INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** I:\PSC\CHU\WP\960870.RCM

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**CASE BACKGROUND**

AmeriTel Pay Phones, Inc. (Ameritel) holds pay telephone certificate no. 4204, with an effective regulation date of July 18, 1995. Ameritel provides pay telephone services to over 700 confinement facilities in 26 states. In Florida, the company operates payphones on 42 access lines in the service territories of St. Joseph Telephone Company, Sprint/United Telephone Company and Sprint/United Centel.

On May 6, 1996, Ameritel filed a Petition for a waiver of those rules and policies currently prohibiting it from providing 0+ local and 0+ intraLATA calls from store-and-forward pay telephones located in confinement facilities (Attachment A).

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### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission grant Ameritel's Petition for exemption from rule 25-24.515(7), and Rule 25-24.620(2)(c) and (d) Florida Administrative Code, and the policies contained in Orders Nos. 95-0918, 95-0203, and 24101 to permit it to handle and bill 0+ local and 0+ intralata calls from pay telephones located in confinement facilities at no more than the rates charged by the serving local exchange company for the same call?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** On June 11, 1996, the Commission granted the same exemption to two other pay telephone providers Global Tel\*Link (951198-TC) and T-Netix (951546-TP). The reasons staff gave for recommending that those exemptions be granted are the same as in this case and are outlined below.

Staff believes it is in the public interest to allow Ameritel to handle and bill 0+ local and intraLATA calls placed from confinement facilities. Ameritel has agreed that it will not charge more than the incumbent LEC for these calls, according to a letter Staff has received from the Ameritel (Attachment B).

Staff believes the Commission should grant Ameritel's petition to handle and bill 0+local and 0+intraLATA traffic from confinement facilities for the reasons given above, and for the same reasons that it has done so in previous dockets (951198-TC and 951546-TP) as outlined below.

### HISTORY OF THE POLICY

The policy of reserving 0+local and 0+intraLATA calls for the serving local exchange company (LEC) has been in effect since pay telephone service first became competitive in Florida in 1985. This policy was reaffirmed in Orders Nos. 16343, 20489, 21614, 22243, and 24101. The policy evolved to address the needs of the public and the newly developing pay telephone and operator service companies and protect LEC revenues in an environment of rate of return regulation.

This policy was considered again in Docket No. 930330-TP, Investigation into IntraLATA Presubscription. Order PSC-95-0203-FOF-TP, issued February 13, 1995, found that intraLATA presubscription was in the public interest. This meant that interexchange carriers (IXCs) would be allowed to compete with LECs

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for 1+ and 0+ intraLATA toll traffic for the first time. 0+local traffic would still be reserved for the LECs. Large LECs were ordered to implement intraLATA presubscription throughout their service areas by December 31, 1997. Small LECs would be allowed to delay implementation until a bona fide request was received. The Commission denied Motions for Reconsideration filed by General Telephone Company of Florida (GTEFL) and BellSouth. GTEFL and BellSouth appealed the Order but the appeals were withdrawn and the Order is now in effect.

#### CHANGING THE POLICY FOR CONFINEMENT FACILITIES

For security reasons, pay telephones in confinement facilities generally only allow collect local and long distance calls to be made. Commission Rule 25-24.515(15) exempts pay stations located in confinement facilities from certain notice and access requirements. For example, pay stations located in confinement facilities are allowed to block access to other long distance carriers to minimize the ability of inmates to have contact with a live operator.

Ameritel has asked the Commission to allow it to handle and bill both 0+ local and 0+ intraLATA at its pay telephones located in confinement facilities. In its petition (Attachment A), Ameritel points to the statutory amendments opening local service to competition, the lifting of the Stay on intraLATA presubscription, and the company's capability to handle such traffic as reasons the Commission need no longer reserve such traffic for the LEC. The petition also states that the store and forward technology Ameritel presently uses to handle and bill interLATA calls in confinement facilities will provide the same benefits to the institutions, the company, and the end-user if employed for local and intraLATA calls. These benefits are: elimination of operator abuse by inmates, reduction of fraudulent calling, and rates that will not exceed those charged by the serving LEC for the same call.

The Commission has already voted to allow intraLATA competition via presubscription in Docket No. 930330-TP. The Commission should grant Ameritel an exemption from this rule so that it may handle 0+ local and 0+ intraLATA traffic in confinement facilities.

There seems to be no compelling reason to continue the prohibition against pay telephone providers in confinement facilities handling local and intraLATA calls on a collect basis since Florida Statutes have been amended to permit competition for

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local telephone service and the Commission has been instructed to encourage such competition. Section 364.01(4)(e), Florida Statutes instructs the Commission to "Encourage all providers of telecommunications services to introduce new or experimental telecommunications services free of unnecessary regulatory restraints." Section 364.01(4)(f), Florida Statutes instructs the Commission to "Eliminate any rules and/or regulations which will delay or impair the transition to competition."

Allowing Ameritel to handle local and intraLATA 0+ calls from confinement facilities will facilitate competition as the company will be able to more effectively compete with the LEC for those sites where the traffic is predominately local and intraLATA. Ameritel is capable of providing 0+ local and 0+ intraLATA service immediately as the technology is already in place within the pay telephone. Staff believes Ameritel's petition to handle 0+ local and intraLATA calls from confinement facilities should be granted.

**ISSUE 2:** Should local exchange companies be ordered to bill 0+ local and 0+ intraLATA calls placed from confinement facilities and handled by Ameritel when billing for such calls is requested through a valid billing and collection agreement?

**RECOMMENDATION:** Yes.

**STAFF ANALYSIS:** LECs should be required to bill such calls when requested through a valid billing and collection agreement. LECs will lose the revenues they would have earned from the confinement facilities served by Ameritel. However, LECs will still receive some monetary benefit from the calls if the billing and collection agreement calls for them to be paid on a per call basis for the number of calls billed and collected.

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**ISSUE 3:** Should this docket be closed?

**RECOMMENDATION:** Yes, this docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action. A protest filed by a local exchange company shall be applicable only to that local exchange company's territory and shall not prevent AmeriTel from carrying this traffic in a non-protesting LEC's territory.

**STAFF ANALYSIS:** This docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action.

The Commission has approved similar requests from Global Tel\*Link and T-Netix. Those decisions were protested by two of the rate of return regulated LECs. Staff does not believe Ameritel should be prohibited from carrying this traffic in a LEC's territory if that LEC does not protest the Commission's action. Accordingly, a protest filed by a local exchange company shall be applicable only to that local exchange company's territory and shall not prevent AmeriTel from carrying this traffic in a non-protesting LEC's territory.

*Attachment 1*

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Petition for waiver of )  
Rule 25-24.515 (7) and Rule )  
25-24.620 (2) (c) and (d), )  
F.A.C., regarding 0- and 0+ )  
intraLATA traffic by )  
AmeriTel Pay Phones, Inc. )  
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Docket No. *7609 70 TC*

Filed: May 6, 1996

**PETITION FOR WAIVER OF  
RULES 25-24.620(2)(c), (d) AND 25-24.515(7)  
FLORIDA ADMINISTRATIVE CODE  
BY  
AMERITEL PAY PHONES, INC.**

AmeriTel Pay Phones, Inc. (AmeriTel), pursuant to Commission Rule 25-24.505, Florida Administrative Code, hereby files this Petition for waiver of Rule 25-24.515(7) and Rule 25-24.620 (2) (c) and (d), Florida Administrative Code, regarding certain 0+ local and 0+ intraLATA traffic. In support, AmeriTel shows:

**Procedural Background**

1. The exact name of Petitioner and the address of its principal business office is:

AmeriTel Pay Phones, Inc.  
611 SW Third Street  
Lee's Summit, Missouri 64063

2. All notices, pleadings and orders should be directed to:

Marsha E. Rule  
Wiggins & Villacorta, P.A.  
Post Office Drawer 1657  
Tallahassee, Florida 32302  
(904) 222-1534 (phone)  
(904) 222-1689 (fax)

### Relief Requested

3. AmeriTel requests that this Commission authorize it to carry and bill (through other entities, if necessary) 0+ local and intraLATA traffic from inmate facilities in Florida.

### Background

4. AmeriTel, a telecommunications company specializing in inmate communications services, holds Florida Pay Telephone Certificate No. 4204. The company provides inmate services to over 700 facilities in 26 states.

5. AmeriTel's pay telephone service in confinement facilities is provisioned through the use of store and forward technology to convert 0+ calls to 1+ automated calls. Although its equipment is capable of routing 0+ intraLATA toll and 0+ local calls to other providers, current Commission rules require AmeriTel to forward such calls to the serving LEC. Several staff recommendations currently pending, however, would allow all non-LEC pay phone providers to select the carrier for 0+ intraLATA toll service<sup>1</sup> and would allow certain inmate service providers to carry 0+ local calls<sup>2</sup>. To the extent such waiver is necessary after

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<sup>1</sup> Docket No. 960492-TP: Implementation of 1+ intraLATA presubscription for non-LEC pay telephones and call aggregators

<sup>2</sup> Docket No. 951198-TC: Petition for waiver of rules and policies of 0+ local and 0+ intraLATA utilizing store and forward technology at pay telephones located in correctional institutions and other confinement facilities, by Global Tel\*Link Corporation; Docket No. 951546-TP: Petition for waiver of Rule 25-24.515(7) and Rule 25-24.620(2)(c) and (d), F.A.C., regarding 0+ local and 0+ intraLATA traffic by T-Netix, Inc.; and Docket No. 960407-TC: Petition for waiver of requirement prohibiting provision of 0+ local and 0+ intraLATA calls from store-and-forward pay telephones located in confinement facilities, by InVision Telecom, Inc.

Commission action on these recommendations, AmeriTel seeks a waiver of Rule 25-24.515(7), F.A.C. and Rule 25-24.620(2)(c) and (d), F.A.C., in order to select the carrier of 0+ local and 0+ intraLATA toll traffic originating at inmate facilities in Florida.

Discussion

6. Rule 25-24.620(2)(c) and (d), and Rule 25-24.515(7), Florida Administrative Code, require all intraLATA calls to be routed to the local exchange company unless the end user dials the access code for a specific long distance carrier. Recently, however, the Commission's Order No. PSC-95-0203-FOF-TP, issued in Docket No. 930330-TL, became final after appeal, authorizing intraLATA presubscription and allowing interexchange carriers to compete for intraLATA toll traffic.

7. Relying in large part on Order No. PSC-0203-FOF-TP, Commission staff recently recommended that all non-LEC pay phone providers, call aggregators and shared tenant service providers be allowed to route 1+ and 0+ intraLATA traffic to the carrier of their choice. See, staff recommendation dated April 25, 1996 in Docket No. 960492-TP: Implementation of IntraLATA presubscription by non-LEC pay telephones, call aggregators and shared tenant service providers. To the extent necessary, AmeriTel seeks authority to route 0+ intraLATA toll traffic from inmate facilities to the carrier of its choice, with the understanding that its request will become moot if the Commission approves the staff recommendation in Docket No. 960492-TP.

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8. In addition to the authority that may be granted to all non-LEC pay phone providers in Docket No. 960492-TP, AmeriTel seeks authorization to provide and bill 0+ local service from inmate facilities within Florida. As stated above, Commission staff recently recommended granting such authorization to three inmate services providers in Docket No. 951198-TC, Docket No. 951546-TP and Docket No. 960407-TC, all of which are scheduled to be heard by the Commission on May 7, 1996.

9. Like the inmate service providers in the above-referenced dockets, AmeriTel believes that Florida's new telecommunications statutes allow the Commission to grant the requested authority. Allowing AmeriTel to provide and bill 0+ local traffic from inmate facilities encourages competition as provided by Sections 364.01(3) and 364.01(4)(b), Florida Statutes, and is consistent with Sections 364.01(4)(e) and (f), Florida Statutes, which direct the Commission to avoid rules, regulations and regulatory constraints that would delay or impair implementation of competition.

10. As recognized by Commission staff, allowing inmate service providers to provide and bill local 0+ calls from confinement facilities can provide benefits including elimination of operator abuse by inmates, reduction of fraudulent calling and possibility of lower rates. AmeriTel wishes to offer these benefits to the institutions and inmates to whom it provides services, and respectfully requests the Commission to grant this petition.

THEREFORE, for the reasons stated above, AmeriTel requests that the Commission enter an order granting a waiver of Rules 25-24.515(7) and 25-24.620(2)(c) and (d), Florida Administrative Code, and authorizing it to carry and bill (through other entities, if necessary) 0+ local and intraLATA traffic originated at Florida inmate facilities without delivering traffic to the applicable local exchange company.

Respectfully submitted this 6th day of May, 1996.

*Patricia Wiggins for*  
MARSHA E. RULE, *Require*

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