

Commissioners:
SUSAN F. CLARK, CHAIRMAN
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JOE GARCIA



DIVISION OF APPEALS
DAVID E. SMITH
DIRECTOR
(904) 413-6245

ORIGINAL
FILE COPY

Public Service Commission

September 23, 1996

Mr. Carroll Webb
Joint Administrative Procedures
Committee
120 Holland Building
Tallahassee, Florida 32399

Re: Docket No. 960525-TL, Proposed Amendments to Rule 25-24.471, F.A.C., Application for Certificate

Dear Mr. Webb:

Enclosed are an original and two copies of the following materials concerning the above referenced proposed rule:

1. A copy of the rule and the form incorporated by reference into the rule.
2. A copy of the F.A.W. notice.
3. A statement of facts and circumstances justifying the proposed rule.
4. A federal comparison statement.
5. A statement of the impact of the rule on small business.
6. An economic impact statement.
7. A statement that the agency has chosen the regulatory alternative that imposes the lowest net cost to society.

If there are any questions with respect to this rule, please do not hesitate to call on me.

Sincerely,

Diana W. Caldwell

Diana W. Caldwell
Associate General Counsel

Enclosures
cc: Division of Records & Reporting

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG _____
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 SEC _____
 WAS _____
 OTH _____

DOCUMENT NUMBER-DATE

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BLVD • TALLAHASSEE, FL 32310

An Affirmative Action/Equal Opportunity Employer

FPSC-RECORDS/REPORTING

1 25-24.471 Application for Certificate.

2 (1) An applicant desiring to apply for a certificate shall
3 submit an application on Commission Form PSC/CMU 31 (XX/XX)
4 ~~(4/91)~~, which is incorporated into this rule by reference. Form
5 PSC/CMU 31 (XX/XX) ~~(4/91)~~, entitled "Application Form for Authority
6 to Provide Interexchange Telecommunications Service Between Points
7 Within the State of Florida," may be obtained by contacting the
8 Commission's Division of Communications. A non-refundable
9 application fee of \$250.00 must accompany the filing of all
10 applications.

11 (2) An original and 12 ~~twelve (12)~~ copies of the application
12 shall be filed with the Division of Records and Reporting.

13 (3) A certificate will be granted if the Commission
14 determines that such approval is in the public interest.

15 (4) Any authority granted to interexchange companies (IXCs)
16 previously or hereafter is subject to the following:

17 (a) Toll authority granted to all companies is statewide.
18 A company may provide toll service over its own or resold
19 facilities. However, end user dialed 0+ local and all 0- calls
20 shall be initially routed to the serving local exchange company or
21 alternative local exchange company ~~the local exchange company shall~~
22 ~~be the sole carrier for 0+ local, 0- local and 0- intraLATA toll~~
23 ~~calls dialed by end users.~~ When operator services are provided by
24 the alternative local exchange company, the alternative local
25 exchange company must also provide access to emergency service.

CODING: Words underlined are additions; words in
~~struck through~~ type are deletions from existing law.

1 busy line verification, and emergency interrupt service to the end
2 user on at least the same level as that provided by the local
3 exchange company. Call aggregators and IXCs shall not change or
4 augment the dialing pattern of end users for 0+ local or 0- such
5 calls. ~~IXCs may only provide intraLATA toll services to end users~~
6 ~~with whom they have a prior and ongoing relationship or who dial~~
7 ~~the appropriate access code, e.g., 950, 800, or 10XXX.~~

8 (b) Minor interexchange companies are not required to
9 provide service throughout their certificated service area, but
10 must accept customers on a nondiscriminatory basis. Companies
11 deemed major interexchange companies on December 31, 1994, are
12 required to provide service in any exchange that is not equal
13 access capable to all customers in that exchange making a request
14 for service.

15 (c) Where only one interexchange carrier is available in a
16 confinement facility, that interexchange carrier shall provide for
17 completion of all inmate calls allowed by the confinement facility.

18 (d) A certificate to provide interexchange service does not
19 carry with it the authority to provide local exchange, shared
20 tenant, alternative access, alternative local exchange, or pay
21 telephone service. A separate application must be made for such
22 authority.

23 **Specific Authority:** 350.127(2), F. S.

24 **Law Implemented:** 364.03, 364.32, 364.33, 364.335, 364.337,
25 364.345, F.S.

CODING: Words underlined are additions; words in
~~struck-through~~ type are deletions from existing law.

1 History: New 2/23/87, Amended 5/8/91, 11/20/91, 12/22/92,
2 10/10/94, 3/13/96, _____.

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**** FLORIDA PUBLIC SERVICE COMMISSION ***

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

APPLICATION FORM
for
AUTHORITY TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA

Instructions

- A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).
- B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.
- C. Use a separate sheet for each answer which will not fit the allotted space.
- D. If you have questions about completing the form, contact:
- E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

1. This is an application for (check one):
- Original Authority (New company).
 - Approval of Transfer (To another certificated company).
 - Approval of Assignment of existing certificate (To an uncertificated company).
 - Approval for transfer of control (To another certificated company).
2. Select what type of business your company will be conducting (check all that apply):
- Facilities based carrier - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
 - Operator Service Provider - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
 - Reseller - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
 - Switchless Rebiller - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
 - Multi-Location Discount Aggregator - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:
4. Name under which the applicant will do business (fictitious name, etc.):
5. National address (including street name & number, post office box, city, state and zip code).
6. Florida address (including street name & number, post office box, city, state and zip code):
7. Structure of organization;
 - Individual Corporation
 - Foreign Corporation Foreign Partnership
 - General Partnership Limited Partnership
 - Other, _____
8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.
 - (a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169 FS), if applicable.
 - (b) Indicate if the individual or any of the partners have previously been:
 - (1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.
 - (2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

9. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: _____

- (b) Name and address of the company's Florida registered agent.

- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: _____

- (c) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

(a) The application;

(b) Official Point of Contact for the ongoing operations of the company;

(c) Tariff;

(d) Complaints/Inquiries from customers;

11. List the states in which the applicant:

- (a) Has operated as an interexchange carrier.
- (b) Has applications pending to be certificated as an interexchange carrier.
- (c) Is certificated to operate as an interexchange carrier.
- (d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.
- (e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.
- (f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

12. What services will the applicant offer to other certificated telephone companies:

- Facilities. Operators.
- Billing and Collection. Sales.
- Maintenance.
- Other: _____

13. Do you have a marketing program?

14. Will your marketing program:
- Pay commissions?
 - Offer sales franchises?
 - Offer multi-level sales incentives?
 - Offer other sales incentives?
15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).
16. Who will receive the bills for your service (Check all that apply)?
- Residential customers. Business customers.
 - PATS providers. PATS station end-users.
 - Hotels & motels. Hotel & motel guests.
 - Universities. Univ. dormitory residents.
 - Other: (specify) _____.
17. Please provide the following (if applicable):
- (a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?
 - (b) Name and address of the firm who will bill for your service.
18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application should contain the applicant's financial statements, including:

1. the balance sheet
2. income statement
3. statement of retained earnings for the most recent 3 years.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability.

C. Technical capability.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

20. The applicant will provide the following interexchange carrier services (Check all that apply):

MTS with distance sensitive per minute rates

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with route specific rates per minute

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS with statewide flat rates per minute (i.e. not distance sensitive)

Method of access is FGA

Method of access is FGB

Method of access is FGD

Method of access is 800

MTS for pay telephone service providers

Block-of-time calling plan (Reach out Florida, Ring America, etc.).

800 Service (Toll free)

WATS type service (Bulk or volume discount)

Method of access is via dedicated facilities

Method of access is via switched facilities

Private Line services (Channel Services)

(For ex. 1.544 mbs., DS-3, etc.)

Travel Service
 Method of access is 950
 Method of access is 800

900 service

Operator Services
 Available to presubscribed customers
 Available to non presubscribed customers (for
example to patrons of hotels, students in
universities, patients in hospitals.
 Available to inmates

Services included are:

Station assistance
 Person to Person assistance
 Directory assistance
 Operator verify and interrupt
 Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

22. **Other:**

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.
Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL: _____

Signature

Date

Title

Telephone No.

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

I, (TYPE NAME) _____,
 (TITLE) _____, of (NAME OF COMPANY)
 _____, and current
 holder of certificate number _____, have reviewed
 this application and join in the petitioner's request for a
 transfer of the above-mentioned certificate.

UTILITY OFFICIAL:

| | |
|-----------|---------------|
| _____ | _____ |
| Signature | Date |
| _____ | |
| _____ | _____ |
| Title | Telephone No. |

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- () The applicant will not collect deposits nor will it collect payments for service more than one month in advance.

- () The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL: _____

Signature

_____ Date

Title

_____ Telephone No.

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has () or has not () previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:

a) What services have been provided and when did these services begin?

b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

**** FLORIDA EAS FOR MAJOR EXCHANGES ****

| <u>Extended Service Area</u> | <u>with</u> | <u>These Exchanges</u> |
|------------------------------|-------------|---|
| PENSACOLA: | | Cantonment, Gulf Breeze Pace, Milton Holley-Navarre. |
| PANAMA CITY: | | Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB. |
| TALLAHASSEE: | | Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks. |
| JACKSONVILLE: | | Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg Orange Park, Ponte Vedra and Julington. |
| GAINESVILLE: | | Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo. |
| OCALA: | | Belleview, Citra, Dunnellon, |

FORM PSC/CMU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

Forest Lady Lake (B21),
McIntosh, Oklawaha,
Orange Springs, Salt Springs and
Silver Springs Shores.

DAYTONA BEACH:

New Smyrna Beach.

TAMPA:

| | |
|---------|-------------|
| Central | None |
| East | Plant City |
| North | Zephyrhills |
| South | Palmetto |
| West | Clearwater |

CLEARWATER:

St. Petersburg, Tampa-West and
Tarpon Springs.

ST. PETERSBURG:

Clearwater.

LAKELAND:

Bartow, Mulberry, Plant City,
Polk City and Winter Haven.

ORLANDO:

Apopka, East Orange, Lake Buena
Vista, Oviedo, Windermere,
Winter Garden,
Winter Park, Montverde, Reedy
Creek, and Oviedo-Winter
Springs.

WINTER PARK:

Apopka, East Orange, Lake Buena Vista,
Orlando, Oviedo, Sanford, Windermere,
Winter Garden, Oviedo-Winter Springs
Reedy Creek, Geneva and Montverde.

TITUSVILLE:

Cocoa and Cocoa Beach.

COCOA:

Cocoa Beach, Eau Gallie,
Melbourne and Titusville.

MELBOURNE:

Cocoa, Cocoa Beach, Eau Gallie
and Sebastian.

SARASOTA:

Bradenton, Myakka and Venice.

FT. MYERS:

Cape Coral, Ft. Myers Beach, North Cape
Coral, North Ft. Myers, Pine Island, Lehigh
Acres and Sanibel-Captiva Islands.

NAPLES:

Marco Island and North Naples.

WEST PALM BEACH:

Boynton Beach and Jupiter.

FORM PSC/CMU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

| | |
|-----------------|--|
| POMPANO BEACH: | Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale. |
| FT. LAUDERDALE: | Coral Springs, Deerfield Beach, Hollywood and Pompano Beach. |
| HOLLYWOOD: | Ft. Lauderdale and North Dade. |
| NORTH DADE: | Hollywood, Miami and Perrine. |
| MIAMI: | Homestead, North Dade and Perrine |

**** APPENDIX E ****

**** GLOSSARY ****

ACCESS CODE: The term denotes a uniform four or seven digit code assigned to an individual IXC. The five digit code has the form 10XXX and the seven digit code has the form 950-XXX'.

BYPASS: Transmission facilities that go direct from the local exchange end user to an IXC point of presence, thus bypassing the local exchange company.

CARRIERS CARRIER: An IXC that provides telecommunications service, mainly bulk transmission service, to other IXC only.

CENTRAL OFFICE: A local operating unit by means of which connections are established between subscribers' lines and trunk or toll lines to other central offices within the same exchange or other exchanges. Each three (3) digit central office code (NXX) used shall be considered a separate central office unit.

CENTRAL OFFICE CODE: The term denotes the first three digits (NXX) of the seven (7) digit telephone number assigned to a customer's telephone exchange service.

COMMISSION: The Florida Public Service Commission.

COMPANY, TELEPHONE COMPANY, UTILITY: These terms may be used interchangeably herein and shall mean any person, firm, partnership or corporation engaged in the business of furnishing communication service to the public under the jurisdiction of the Commission.

DEDICATED FACILITY: The term denotes a transmission circuit which is permanently for the exclusive use of a customer or a pair of customers.

END USER: The term denotes any individual, partnership, association, corporation, governmental agency or any other entity which (A) obtains a common line, uses a pay telephone or obtains interstate service arrangements in the operating territory of the company or (B) subscribes to interstate services provided by an IXC or uses the services of the IXC when the IXC provides interstate service for its own use.

EQUAL ACCESS EXCHANGE AREAS: EAEA means a geographic area, configured based on 1987 planned toll center/access tandem areas, in which local exchange companies are responsible for providing equal access to both carriers and customers of carriers in the most economically efficient manner.

EXCHANGE: The entire telephone plant and facilities used in providing telephone service to subscribers located in an exchange area. An exchange may include more than one central office unit.

EXCHANGE (SERVICE) AREA: The territory, including the base rate suburban and rural areas served by an exchange, within which local telephone service is furnished at the exchange rates applicable within that area.

EXTENDED AREA SERVICE: A type of telephone service furnished under tariff provision whereby subscribers of a given exchange or area may complete calls to, and receive messages from, one or more other contiguous exchanges without toll charges, or complete calls to one or more other exchanges without toll message charges.

FACILITIES BASED: An IXC that has its own transmission and/or switching equipment or other elements of equipment and does not rely on others to provide this service.

FOREIGN EXCHANGE SERVICES: A classification of exchange service furnished under tariff provisions whereby a subscriber may be provided telephone service from an exchange other than the one from which he would normally be served.

FEATURE GROUPS: General categories of unbundled tariffs to stipulate related services.

Feature Group A: Line side connections presently serving specialized common carriers.

Feature Group B: Trunk side connections without equal digit or code dialing.

Feature Group C: Trunk side connections presently serving AT&T-C.

Feature Group D: Equal trunk access with subscription.

INTEREXCHANGE COMPANY: means any telephone company, as defined in Section 364.02(4), F.S. (excluding Payphone Providers), which provides telecommunication service between exchange areas as those areas are described in the approved tariffs of individual local exchange companies.

INTER-OFFICE CALL: A telephone call originating in one central office unit or entity but terminating in another central office unit or entity both of which are in the same designated exchange area.

INTRA-OFFICE CALL: A telephone call originating and terminating within the same central office unit or entity.

INTRASTATE COMMUNICATIONS: The term denotes any communications in Florida subject to oversight by the Florida Public Service Commission as provided by the laws of the State.

INTRA-STATE TOLL MESSAGE: Those toll messages which originate and terminate within the same state.

LOCAL ACCESS AND TRANSPORT AREA: LATA means the geographic area established for the administration of communications service. It encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

LOCAL EXCHANGE COMPANY (LEC): Means any telephone company, as defined in Section 364.02(4), F.S., which, in addition to any other telephonic communication service, provides telecommunication service within exchange areas as those areas are described in the approved tariffs of the telephone company.

OPTIONAL CALLING PLAN: An optional service furnished under tariff provisions which recognizes a need of some subscribers for extended area calling without imposing the cost on the entire body of subscribers.

900 SERVICE: A service similar to 800 service, except this service is charged back to the customer based on first minute plus additional minute usage.

PIN NUMBER: A group of numbers used by a company to identify their customers.

PAY TELEPHONE SERVICE COMPANY: Means any telephone company, other than a Local Exchange Company, which provides pay telephone service as defined in Section 364.335(4), F.S.

POINT OF PRESENCE (POP): Bell-coined term which designates the

FORM PSC/CMU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

actual (physical) location of an IXC's facility. Replaces some applications of the term "demarcation point."

PRIMARY SERVICE: Individual line service or party line service.

RESELLER: An IXC that does not have certain facilities but purchases telecommunications service from an IXC and then resells that service to others.

STATION: A telephone instrument consisting of a transmitter, receiver, and associated apparatus so connected as to permit sending and/or receiving telephone messages.

SUBSCRIBER, CUSTOMER: These terms may be used interchangeably herein and shall mean any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency supplied with communication service by a telephone company.

SUBSCRIBER LINE: The circuit or channel used to connect the subscriber station with the central office equipment.

SWITCHING CENTER: Location at which telephone traffic, either local or toll, is switched or connected from one circuit or line to another. A local switching center may be comprised of several central office units.

TRUNK: A communication channel between central office units or entities, or private branch exchanges.

ATTACHMENTS:

- A - CERTIFICATE TRANSFER STATEMENT
- B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
- C - INTRASTATE NETWORK
- D - FLORIDA TELEPHONE EXCHANGES and EAS ROUTES
- E - GLOSSARY

FORM PSC/CMU 31 (3/96)

Required by Commission Rule Nos. 25-24.471 and 25-24.473.

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960525-TL

RULE TITLE:

RULE NO.:

Application for Certificate

25-24.471

PURPOSE AND EFFECT: Portions of the proposed rule amendments are corrections to the rule which had been inadvertently sent for publication and became effective in March 1996. The incorrect version failed to include the changes voted on by the Commission such as to recognize alternative local exchange carriers (ALECs) as providers of 0- service and to provide that ALECs meet certain service standards. The incorporation by reference of PSC/CMU Form 31 was also not included. This amendment makes the corrections to conform the rule to that which was approved by the Commission at its February 6, 1996, agenda conference. The amendment also removes the restriction that reserved all 1+ and 0+ dialed intraLATA toll calls to the local exchange companies (LECs), and allows interexchange carriers (IXCs) the ability to provide 1+ and 0+ intraLATA toll calls.

SUMMARY: The rule is amended to allow IXCs the ability to provide 1+ and 0+ intraLATA toll calls; it recognizes ALECs as providers of 0- service and places certain service requirements on those ALECs providing the 0- service, and incorporates by reference revisions to PSC/CMU Form 31.

RULEMAKING AUTHORITY: 350.127(2), FS.

LAW IMPLEMENTED: 364.03, 364.32, 364.33, 364.335, 364.337, 364.345, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE

SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., January 30, 1997.

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-24.471 Application for Certificate.

(1) An applicant desiring to apply for a certificate shall submit an application on Commission Form PSC/CMU 31 ~~(XX/XX) (4/91)~~, which is incorporated into this rule by reference. Form PSC/CMU 31 ~~(XX/XX) (4/91)~~, entitled "Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida," may be obtained by contacting the Commission's Division of Communications. A non-refundable application fee of \$250.00 must accompany the filing of all applications.

(2) An original and ~~12 twelve (12)~~ copies of the application shall be filed with the Division of Records and Reporting.

(3) A certificate will be granted if the Commission determines that such approval is in the public interest.

(4) Any authority granted to interexchange companies (IXCs) previously or hereafter is subject to the following:

(a) Toll authority granted to all companies is statewide. A company may provide toll service over its own or resold facilities. However, end user dialed 0+ local and all 0- calls shall be initially routed to the serving local exchange company or alternative local exchange company ~~the local exchange company shall be the sole carrier for 0+ local, 0- local and 0- intraLATA toll calls dialed by end users.~~ When operator services are provided by the alternative local exchange company, the alternative local exchange company must also provide access to emergency service, busy line verification, and emergency interrupt service to the end user on at least the same level as that provided by the local exchange company. Call aggregators and IXCs shall not change or augment the dialing pattern of end users for 0+ local or 0- such calls. ~~IXCs may only provide intraLATA toll services to end users with whom they have a prior and ongoing relationship or who dial the appropriate access code, e.g., 950, 800, or 10XXX.~~

(b) Minor ~~inter~~interexchange companies are not required to provide service throughout their certificated service area, but must accept customers on a nondiscriminatory basis. Companies deemed major interexchange companies on December 31, 1994, are required to provide service in any exchange that is not equal access capable to all customers in that exchange making a request for service.

(c) Where only one interexchange carrier is available in a confinement facility, that interexchange carrier shall provide for completion of all inmate calls allowed by the confinement facility.

(d) A certificate to provide interexchange service does not carry with it the authority to provide local exchange, shared

tenant, alternative access, alternative local exchange, or pay telephone service. A separate application must be made for such authority.

Specific Authority 350.127(2), FS.

Law Implemented 364.03, 364.32, 364.33, 364.335, 364.337, 364.345, FS.

History: New 2-23-87, Amended 5-8-91, 11-20-91, 12-22-92, 10-10-94, 3-13-96, _____.

NAME OF PERSON ORIGINATING PROPOSED RULE: Wayne Stavanja.

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE:
Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: September 16, 1996.

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 413-6770 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

M E M O R A N D U M

August 30, 1996

TO: DIVISION OF APPEALS (CALDWELL)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *XBSA pd* *AWC*

SUBJECT: ECONOMIC IMPACT STATEMENT FOR DOCKET NO. 960525-TI, PROPOSED REVISIONS TO RULE 25-24.471, FAC, APPLICATION FOR INTEREXCHANGE COMPANY CERTIFICATE

SUMMARY OF THE RULE

The current rule contains certification requirements for interexchange carriers (IXCs) and defines their operating authority. All of the related issues of intraLATA presubscription were investigated in Docket No. 930330-TP, and the Commission's findings were issued in Order PSC-95-0203-FOF-TP. The Commission found that allowing intraLATA presubscription by LEC competitors was in the public interest. The proposed rule changes codify that Order.

The proposed changes would require end user dialed 0+ local and all 0-calls to be initially routed to the local exchange company (LEC) or alternative local exchange company (ALEC). When operator services are provided by an ALEC, the ALEC must also provide access to emergency service, busy line verification, and emergency interrupt service to the end user on at least the same level as that provided by the LEC. In addition, the limitations on IXCs providing intraLATA toll service would be eliminated, allowing intraLATA presubscription to IXCs.

DIRECT COSTS TO THE AGENCY AND OTHER STATE OR LOCAL GOVERNMENT ENTITIES

There should be no additional direct costs to the Commission other than minimal costs associated with rulemaking, monitoring and enforcement. Paperwork associated with implementing intraLATA presubscription submitted by companies was required by Order PSC-95-0203-FOF-TP. LECs were ordered to submit a detailed schedule for the modification of various systems and provide quarterly reports.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

The parties directly affected by the proposed rule changes would be local exchange companies (LECs), alternative local exchange companies (ALECs), and interexchange carriers (IXCs). Allowing IXCs to receive intraLATA toll calls directly would enable them to compete with the LECs for that service. Customers can presently reach the IXC of their choice by dialing the proper 950, 800, or 10XXX access code. The LECs would face increased competition and possible loss of market share with associated revenues. However, if prices are lowered to meet competition, intraLATA toll usage could be stimulated and the loss of revenues mitigated. Also, ALECs and IXCs would have to pay access charges for use of LEC facilities which would lessen the impact of competition and lost revenues. Coupled with the expansion in the number of access lines, LECs may experience no net loss of revenues.

In Docket No. 930330-TP, LECs provided costs estimates for modifying support systems and providing switch software and network restructuring related to implementation of intraLATA presubscription. The cost estimates were:

| | |
|---------------|--------------|
| Southern Bell | \$ 7,400,000 |
| GTEFL | 15,000,000 |
| United/Centel | 4,950,000 |
| ALLTEL | 126,000 |
| Northeast | 50,000 |
| St. Joseph | 125,000 |
| Indiantown | 8,000 |
| Gulf | 7,000 |
| Vista-United | 35,000 |
| Floral | No Estimate |
| Southland | No Estimate |
| Quincy | No Estimate |

In addition, there were estimates of lost revenue due to intraLATA toll competition:

| | | |
|---------------|--------------|------------------|
| Southern Bell | \$24,000,000 | Annually |
| GTEFL | 6,400,000 | Within two years |
| ALLTEL | 865,000 | - 100% loss |
| Northeast | 300,000 | - 100% loss |
| United/Centel | 100% loss | |

Data requests were sent to the affected parties to determine if there were any additional impacts or alternatives suggested by the proposed rule changes. Northeast increased its estimated loss to at least \$382,000 annually (10% of its intrastate revenues).

One ALEC commented that ALECs' services should not be required to be identical to services of LECs. That requirement may damage innovation but the cost cannot be quantified. Another ALEC questioned the placement of requirements for ALECs providing operator services in the IXC rule with no similar requirement for LECs.

REASONABLE ALTERNATIVE METHODS

The "no rule change" alternative is favored by LECs, which would be the low cost alternative to them. However, that alternative would not achieve the public interest policy of fostering competition and possibly lower prices. In addition, the Federal Telecommunications Act of 1995 mandates dialing parity, which opens the intraLATA toll market to competition. Another alternative suggestion is to not require ALECs to have the identical services offered by LECs. That alternative would allow innovation and individualized bundling of services to be offered customers.

IMPACT ON SMALL BUSINESSES

Those IXCs that are small businesses should benefit by having a larger potential customer base to market their service. The increase in competition may see a lowering of prices in intraLATA tolls which could negatively impact small IXCs. However, since IXC resellers buy blocks of time from facilities-based IXCs at a discount to retail, there may not be a net loss in revenues.

IMPACT ON COMPETITION

The Commission stated in Order PSC-95-0203-FOF-TP that it is in the public interest to increase competition in intraLATA toll service. The proposed rule would codify that Order and competition should increase for that service.

IMPACT ON EMPLOYMENT

As market share decreases for LECs in intraLATA toll service, they may have to decrease their workforce. Northeast estimated that adoption of the proposed rule would probably result in a 5%-10% decrease in its workforce over the next couple of years, if not sooner. On the other hand, competitors that pick up market share may have to increase their workforce which would balance out the LEC decrease. With a given level of technology, there should be no

significant net change in employment.

METHODOLOGY

Data requests were sent to the affected companies. Data collected during the investigation into intraLATA presubscription were reviewed and incorporated into this analysis. Discussions were held with Commission legal and communications staff. Standard microeconomic analysis was used to determine the impact.

CBH:tf/e-ixcpre

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

Commission Order No. PSC-95-0203-FOF-TP removed the restriction that reserved all 1+ and 0+ dialed intraLATA toll calls to the local exchange company and allows interexchange carriers to provide 1+ and 0+ intraLATA toll calls. In order to encourage competition as required by Chapter 95-403, LOF, alternative local exchange companies are recognized as providers of 0- service. Other amendments are made to correct certain revisions that were inadvertently provided for publishing that were not voted on by the Commission.

STATEMENT ON FEDERAL STANDARDS

The proposed rule is no more restrictive than federal standards.

STATEMENT OF IMPACT ON SMALL BUSINESS

Those interexchange carriers (IXCs) that are small businesses should benefit by having a larger potential customer base to market their service. The increase in competition may see a lowering of prices in intraLATA tolls which could negatively impact small IXCs. However, overall there may not be a net loss in revenues.

**STATEMENT THAT THE AGENCY HAS CHOSEN THE REGULATORY ALTERNATIVE
THAT IMPOSES THE LOWEST NET COST ALTERNATIVE TO SOCIETY**

The Commission has chosen the regulatory alternative that imposes the lowest net cost to society.