

FLORIDA PUBLIC SERVICE COMMISSION
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M E M O R A N D U M

January 9, 1997

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

FROM: DIVISION OF COMMUNICATIONS (WIGGINS) *[Signature]*
DIVISION OF LEGAL SERVICES (PELLEGRINI) *[Signature]*

RE: DOCKET NO. 961466-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY INDIANTOWN TELEPHONE SYSTEM, INC.

AGENDA: 1/21/97 - REGULAR AGENDA - DECISION PRIOR TO HEARING -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\961466TL.RCM

CASE BACKGROUND

Chapter 364, Florida Statutes, allows for local exchange companies to elect price regulation effective January 1, 1996. When a company elects price regulation, certain rates will be capped and the company will be allowed to revise rates only per the statute.

On December 10, 1996 Indiantown Telephone System Inc. filed notification that it would elect price regulation effective December 10, 1996.

This recommendation will address as of what date the company's rates should be capped.

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DISCUSSION OF ISSUES

ISSUE 1: With Indiantown's election of price regulation effective December 10, 1996, as of what date should its rates be capped?

RECOMMENDATION: With Indiantown's election of price regulation effective December 10, 1996, its basic local telecommunications service rates should be capped effective December 10, 1996 pursuant to Section 364.051(2)(b), Florida Statutes. In addition, the rates for network access services and protected non-basic services should be capped at the rates in effect on July 1, 1996 as specified in Sections 364.053(1) and 364.051(2)(a), Florida Statutes.

STAFF ANALYSIS: Indiantown filed notification on December 10, 1996 (Attachment A) that they were electing price regulation effective December 10, 1996. Section 364.051, Florida Statutes, details the provisions of price regulation for local exchange companies.

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

Upon the date of filing its election with the commission, the rates for basic local telecommunications service of a company that elects to become subject to this section shall be capped at the rates in effect on that date and shall remain capped as stated in paragraph (a).

Indiantown filed its notification pursuant to this provision. Therefore, Indiantown's basic local telecommunications service rates will be capped at the levels in effect on December 10, 1996. In addition, these rates cannot be increased until January 1, 1999.

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

...voice-grade, flat-rate residential and flat-rate single-line business local exchange services which provide dual tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency

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services such as "911," all facility available interexchange companies, directory assistance, operator services, relay services, and an alphabetical directory listing. For a local exchange telecommunications company, such term shall include any extended area service routes, and extended calling service, the existence or ordered by the commission on or before July 1, 1995.

In addition to the capped basic local telecommunications services, non-basic services (Section 364.051(4), Florida Statutes) and network access services (Section 364.051, Florida Statutes) are likewise capped. Prices for non-basic services are limited by Section 364.051(6) (a) , which provides that price increases for such services shall not exceed 8 percent within a 12-month period until there is another local telecommunications service provided in an exchange area at which time the price for any non-basic service category may be increased in amount not to exceed 10 percent with a 12-month period. However, network access services and protected non-basic services rates are capped at the rates in effect on July 1, 1995.

With respect to protected non-basic services, (364.051(6) (a), Florida Statutes) specifically states in relevant part:

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

1. A voice-grade, flat-rate, multi-line business local exchange service, including multiple individual lines, centrex lines, private branch exchange trunks, and any associated hunting services, that provides dial tone and local usage necessary to place a call within a local exchange calling area; and

2. Telecommunications services provided under contract service arrangements to the SUNCOM Network, as defined in chapter 282,

shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 1997. ...

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With Indiantown's election of price regulation effective December 10, 1996, Staff recommends that its basic local telecommunications service rates should be capped effective December 10, 1996 pursuant to Section 364.051(2)(b), Florida Statutes. In addition, the rates for network access services and protected non-basic services should be capped at the rates in effect on July 1, 1996 as specified in Sections 364.051(3) and 364.051(6)(a), Florida Statutes.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. This docket should be closed.

STAFF ANALYSIS: With the Commission's approval of Staff's recommendation in Issue 1, this docket should be closed.