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August 28, 2001

Florida Public Service Commission
Division of Commission Clerk and
Administrative Services
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RE: Docket No. 010774-TP – Proposed Rule Development Workshop
Petition of the Citizens of the State of Florida to Initiate Rulemaking Which Will
Require Telephone Companies to Give Customers Reasonable Notice Before
Customers Incur Higher Charges or Changes in Services, and Allow Them to
Evaluate Offers for Service from Competing Alternative Providers

Dear Sir or Madame:

Northeast Florida Telephone Company, Inc. submits the attached written responses to the initial request for comments in preparation for the rule development workshop scheduled for September 13, 2001.

Should you have any questions or need additional information, please call me at (904) 259-0639.

Sincerely,

Deborah Nobles
Vice President of Regulatory Affairs

cc: Mike Griffis

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Northeast Florida Telephone Company
Docket No. 010774-TP

Comments for Rule Development Workshop

1. What is the problem that this rule is intended to correct?

Northeast is not aware of any customer complaints within its service territory that would necessitate the rules as proposed by the Office of Public Counsel nor is Northeast aware of any other circumstances that have taken place outside of its service territory that warrants such action.

2. Does this rule accomplish what it is intended to accomplish?

Public Counsel has stated that this proposed rule is necessary to provide adequate notice to consumers before a service provider increases their rates. The purpose of the advance notice would be to give the consumer adequate time to "shop around" for better rates before a rate increase goes into effect. However, the rule as proposed by Public Counsel goes too far and places an unnecessary burden on the telecommunications provider, especially the small ILECs that operate in Florida.

Most of the ILECs in Florida have elected price regulation under §364.051 F.S., and by making that election were exempted from certain requirements associated with rate base, rate of return regulation. The price regulation mechanism places restrictions on the level of increases an ILEC can make to basic local telecommunications services and nonbasic services and also limits the number of increases the company can make to a particular service in a 12-month period of time. The statute does not require advance notice to customers when the price regulated company does increase rates, however, many price regulated companies have continued the policy to provide some advance notice.

Since becoming price regulated, Northeast has had one rate increase. The increase was made to a nonbasic service and customers were notified in a bill message on the first bill cycle following the date the tariff revision was filed with the Commission. Customers had adequate time to decide how the rate change would affect them and make changes to their calling patterns accordingly.

3. Are there any other Commission rules that already address the problems this rule is intended to address?

Northeast is not aware of any others rules that specifically address this issue.

4. Are there other laws (i.e. federal rules, statutes, etc) which already address the problems this rule is intended to address?

DOCUMENT NUMBER-DATE

10795 AUG 30 8

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There are numerous state and federal regulations that adequately deal with consumer protection.

5. What are the costs involved if this rule is adopted?

Northeast assumes that the rule requires a separate notice be sent to all end users if the company increases rates. The cost, per occurrence, to send a notice in the format proposed by this rule would be approximately \$5,400. Attachment A provides more detail about the nature of the costs.

6. Are there other noticing mechanisms that would accomplish the same goal at less cost?

Absolutely! As mentioned above, some companies are continuing to notice end users of price changes, including rate increases by using bill messages. This is fairly easy to accomplish and extremely cost effective. Most of the estimated costs shown in the response to item No. 5 above would be eliminated if the company were to include a bill message in the customer's monthly telephone bill instead of sending a separate notice.

7. Are companies already providing notice to customers in regard to changes in rates? If so, how?

See previous responses.

8. Should customers be notified of rate decreases?

It should not be mandatory, customers never complain about rate decreases. However, most companies will want to let their customers know that rates have decreased.

9. How many complaints has your company received from customers when rates are changed without notice?

As noted above, Northeast has not changed rates without providing advanced customer notice.

10. What changes in "terms and conditions" should be subject to the noticing requirement?

No comment.

11. Does "customer" include wholesale customers?

Yes, the bill messages used by Northeast would also appear on the wholesale customer's bills.

12. What is meant by “cost of service” and why is that phrase used when the rest of the rule refers to a “price increase?”

Northeast would assume that “increase in cost of service” for a customer would be the same as a price increase.

13. Should companies be required to provide a copy of their notices to the Commission?

No. If the Commission requires advanced notice of rate changes, a specific company can be required to produce a copy of their notice if the Commission receives complaints from customers.

Cost to Produce Customer Notice

Letter Stock	\$ 82.50
Imprint and Fold Letter	682.00
Envelopes	229.24
Imprint Envelopes	451.00
Inserting, Mailing, Addressing (\$72.00 per 1,000 pieces)	720.00
1st class Bulk Mail (8422 @.322 each)	2,711.88
(342 @ \$.34 each)	116.28
In-House Labor	350.00
Producing Mail Labels	<u>100.00</u>
Total per occurrence	\$ 5,442.90