

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing to)	DOCKET NO. 900589-TL
eliminate two party service and zone)	
charges filed by NORTHEAST TELEPHONE)	ORDER NO. 23339
COMPANY OF FLORIDA)	
)	ISSUED: 8-9-90

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER APPROVING TARIFF DELETING TWO PARTY SERVICE
 AND ZONE CHARGES FOR NORTHEAST TELEPHONE COMPANY

BY THE COMMISSION:

This Commission has historically encouraged the elimination and phase-out of multiparty service and the proliferation of single party service. It is our belief that the advantages of one-party service such as custom calling features, equal access, privacy, transmission quality, and the avoidance of operator fraud, are in the best interest of the general body of ratepayers.

In Docket No. 891236-TL, the Commission investigated Northeast Telephone Company of Florida's (Northeast's) return on equity (ROE) and earnings. By Order No. 22273, we accepted a proposal by Northeast to establish a new authorized range for its return on equity (ROE) at 12.9% \pm 1.5%. In addition, we directed Northeast to reduce its one-party zone charges, eliminate two-party zone charges entirely, and eliminate four-party service, effective January 1, 1990. We also committed to review Northeast's earnings at the end of the second quarter in 1990 to determine if excess earnings exist and, if so, the appropriate disposition of such excess earnings. In the course of monitoring Northeast's earnings, it appears that further rate reductions are warranted.

In response to its current earnings situation, Northeast filed a proposed tariff on May 25, 1990 to upgrade all two-party lines to one-party access lines beginning August 1, 1990 and to eliminate all zone charges. This upgrade will

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place Northeast's current multiparty customers on one-party service. 223 residential and 8 business customers will be effected by the upgrade. As a result, residential customers will pay an additional \$2.30 per month and business customers will pay an additional \$5.70 per month.

Although customers will pay a higher monthly rate for basic service, we believe the benefits outweigh these additional costs. Single-party customers will have the opportunity to subscribe to Custom Calling Features, to select their long distance carrier and enhanced features that are not available to party-line subscribers. Service connection charges will be waived when customers are upgraded to one-party service. As a result of the service upgrades, Northeast will have a revenue increase of approximately \$6,712.

By Order No. 22273, in Docket No. 891236-TL, Northeast previously reduced its zone charges by \$45,655. This tariff filing proposes to eliminate all remaining zone charges. As a result, Northeast's customers residing outside the base rate area will experience a reduction in monthly charges of \$.75 to \$4.50 depending on the mileage distance outside the BRA. 3044 residential and business customers will receive a rate reduction in basic service through the elimination of zone charges. The elimination of zone charges will reduce Northeast's annual revenues by \$83,124.

The net revenue effect of the service upgrades and the elimination of zone charges will reduce Northeast's annual revenues by approximately \$76,412. In evaluating Northeast's current earnings picture, in addition to the effects from this filing, we also considered Northeast's prior zone charge reduction of \$45,655, a major increase in health insurance premiums of \$48,000 and an increase in the company's universal service fund. It appears that the total effect of these items will cause Northeast to earn approximately a 12.6% ROE. This is within \$6,000 of the Company's authorized midpoint of 12.9%.

Normally, we require the company to notify its customers 60 days in advance before an upgrade of service is implemented; however, Northeast expressed reluctance to notify its customers until approval of the tariff filing. Northeast proposes to notify its customers in the local newspaper on Wednesday July 18, 1990, the day after we voted on this tariff proposal, if the upgrade was approved by the Commission. Additionally, the

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Company has committed to send individual letters to all customers effected by the upgrade immediately following approval. As for those customers that will have a rate reduction through the elimination of zone charges, Northeast will notice customers in the August billing cycle.

Upon consideration, we find it appropriate to approve Northeast's proposed tariff to upgrade multiparty service and to eliminate zone charges. The service upgrades are consistent with our policy that a high grade of local service for all Florida customers should be encouraged when feasible. The increase in service quality will outweigh the monthly rate increase that will affect existing multi-party customers. Additionally, the elimination of zone charges will lessen the impact of customers upgrading to one-party service. Zone charges have served as a deterrent from customers moving to one-party service as they are able to avoid this charge by subscribing to multi-party service. This tariff will eliminate this financial barrier to better quality service. While Northeast's proposed customer notification is a departure from normal practice, it appears reasonable under the circumstances.

In the course of upgrading multiparty service it is sometimes necessary to make technical changes to the ringing mechanism on customers' telephones. Northeast proposed to make these changes at no charge to the customer. We find this action appropriate. This is also consistent with our action in Docket No. 880069-TL requiring Southern Bell to modify ringers at no charge.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Northeast Telephone Company of Florida's tariff proposing to upgrade multiparty service to the single line service and to eliminate zone charges is approved as set forth in the body of this Order. It is further

ORDERED that Northeast Telephone Company of Florida shall modify its customers ringers, if necessary, at no charge to the customer as set forth in the body of this Order. It is further

ORDERED that Northeast Telephone Company of Florida's proposal for notice to its customers is approved as set forth in the body of this Order. It is further

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ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission,
this 9th day of AUGUST, 1990.



STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or sewer utility by filing a notice of

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appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.