

State of Florida

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Office of the General Counsel
SUSAN F. CLARK, GENERAL COUNSEL
(904) 488-7463

Public Service Commission

June 13, 1991

ORIGINAL
FILE COPY

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

Re: ~~DOCKET NO. 900559-TP~~, RULES 25-4.107, 25-4.108, F.A.C.

Dear Mr. Webb:

Enclosed are the following materials concerning the above referenced proposed rules:

- ACK _____ 1. A copy of the rules.
- AFA _____ 2. A copy of the F.A.W. notice.
- APP _____ 3. A statement of facts and circumstances justifying the proposed rules.
- CAF _____ 4. A federal comparison statement.
- CMU _____ 5. A statement of the impact of the rules on small business.
- CTR _____ 6. An economic impact statement.
- EAG _____
- LEG _____
- LIN _____
- OPC _____ If there are any questions with respect to this these rules,
- RCH _____ please do not hesitate to call on me.
- SEC 1 _____
- WAS _____
- OTH _____

Sincerely,

WILLIAM E. WYROUGH, JR.
Associate General Counsel

WEW/cjp
Enclosures
cc: Steve Tribble, Director,
Division of Records & Reporting
amd1078.cjp

1 25-4.108 Initiation of Service. Any applicant for telephone
2 service may be required to make application in writing in
3 accordance with standard practices and forms prescribed by the
4 utility, provided that the policy adopted by the utility for the
5 initiation of service shall have uniform application and shall be
6 set forth in its filed tariff. Such application shall be
7 considered as notice to the utility that the applicant desires
8 service and upon compliance by the applicant with such other
9 provisions governing utility service as may be in effect, the
10 utility shall undertake to initiate service without unreasonable
11 delay. Each company shall permit residential customers to pay
12 service connection charges in equal monthly installments over a
13 period of at least three (3) months.

14 Specific Authority: 350.127(2), F.S.

15 Law Implemented: 364.03, 364.04, F.S.

16 History: New 12/1/68.
17

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

1 25-4.107 Information to Customers.

2 (1) Each company shall provide such information and
3 assistance as is reasonable to assist any customer or applicant in
4 obtaining telephone service adequate to his communication needs.
5 At the time of initial contact, each company shall advise the
6 person applying for or inquiring about residential or singleline
7 business service of the rate for the least expensive one party
8 basic local exchange telephone service available to him unless he
9 requests specific equipment or services. Each company shall inform
10 all persons applying for residential service of the availability of
11 the company's installment plan for the payment of service
12 connection charges. The information will be provided at the time
13 of initial contact and shall include, but not be limited to,
14 information on rate amounts and installment time periods and
15 procedures. The person shall also be informed of the availability
16 and rate for a "No Sales Solicitation" listing. In any discussion
17 of enhanced or optional services, each service shall be identified
18 specifically, and the price of each service shall be given. Such
19 person shall also be informed of the availability of and rates for
20 local measured service, if offered in his exchange.

21 (2) At the earliest time practicable, the company shall
22 provide to that customer the billing cycle and approximate date he
23 may expect to receive his monthly billing.

24 Specific Authority: 350.127(2), F.S.

25 Law Implemented: 364.03, 364.04, F.S.

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

1 | History: New 7-6-79, Amended 11/30/86, Amended 11/28/89.
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FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 900959-TP

RULE TITLE:

RULE NO.:

Information to Customers

25-4.107

Initiation of Service

25-4.108

PURPOSE AND EFFECT: The purpose of this rule revision is to insure that all customers who wish to have telephone service, but have financial barriers to doing so, are adequately informed of the company's plan for extended payment of service connection charges. The effect will be a requirement that customer service representatives inform customers, at the time of initial contact, of the availability of the company's installment plan for the payment of service connection charges. The company will be required to permit customers to provide service connection charges in equal monthly installments over a period of at least three months.

SUMMARY: Rule 25-4.107, F.A.C., Information to Customers, promulgates the Commission's requirements regarding the substance of information that must be provided to customers by telephone company's at the time of initial contact with the company. The proposed rule revision adds the requirement that each company inform parties applying for service, or requesting service information, of the availability of the company's extended payment plan for the payment of service connection charges.

Rule 25-4.108, F.A.C., Initiation of Service, specifies the rights and obligations of both applicants for and providers of telephone service at the time the application is made and service

initiated. The proposed rule revision specifies that each company shall permit residential customers to pay service connection charges in equal monthly installments over a period of at least three months.

RULEMAKING AUTHORITY: 350.127(2), F.S.

LAW IMPLEMENTED: 364.03, 364.04

SUMMARY OF THE ESTIMATE OF ECONOMIC IMPACT OF THIS THESE RULES:

There should be no direct agency costs occasioned by adoption of the proposed rule revision.

The direct costs to the companies to implement this rule appear negligible. Depending upon the percentage of customers opting for the extended payment plan, cash flow of the companies may be affected. In addition, there will be some unquantified number of those additional customers opting for extended payment which will become bad debts.

If cash flow and uncollectible amounts are affected to a great degree then it is possible some indirect costs would accrue to the subscriber body as a result of the rule revision. The rule revision should be of benefit to persons desiring telephone service but who are unable to pay all the installation charges up front.

There would be no impact on small businesses as defined in section 120.54, Florida Statutes, Florida Small and Minority Business Assistance Act of 1985, as none of the local exchange companies are small businesses. There should be no impact on competition or employment as a result of the proposed rule revisions. The methodology used to estimate the economic impact

of these rule revisions included discussions with staff of the Division of Appeals, the Division of Communications, and the Division of Consumer Affairs. Standard microeconomic analysis was applied to assess the impact of these rule revisions and the proposed rule.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULES 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. 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., July 12, 1991

PLACE: Room 122, 101 East Gaines Street, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS THESE RULES AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 101 East Gaines Street, Tallahassee, Florida 32399

THE FULL TEXT OF THE THESE RULES ARE:

25-4.107 Information to Customers.

(1) Each company shall provide such information and assistance as is reasonable to assist any customer or applicant in obtaining telephone service adequate to his communication needs. At the time of initial contact, each company shall advise the person applying for or inquiring about residential or singleline business service of the rate for the least expensive one party basic local exchange telephone service available to him unless he requests specific equipment or services. Each company shall inform all persons applying for residential service of the

availability of the company's installment plan for the payment of service connection charges. The information will be provided at the time of initial contact and shall include, but not be limited to, information on rate amounts and installment time periods and procedures. The person shall also be informed of the availability and rate for a "No Sales Solicitation" listing. In any discussion of enhanced or optional services, each service shall be identified specifically, and the price of each service shall be given. Such person shall also be informed of the availability of and rates for local measured service, if offered in his exchange.

(2) At the earliest time practicable, the company shall provide to that customer the billing cycle and approximate date he may expect to receive his monthly billing.

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

Law Implemented: 364.03, 364.04, F.S.

History: New 7-6-79, Amended 11/30/86, Amended 11/28/89.

25-4.108 Initiation of Service. Any applicant for telephone service may be required to make application in writing in accordance with standard practices and forms prescribed by the utility, provided that the policy adopted by the utility for the initiation of service shall have uniform application and shall be set forth in its filed tariff. Such application shall be considered as notice to the utility that the applicant desires service and upon compliance by the applicant with such other provisions governing utility service as may be in effect, the utility shall undertake to initiate service without unreasonable

delay. Each company shall permit residential customers to pay service connection charges in equal monthly installments over a period of at least three (3) months.

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

Law Implemented: 364.03, 364.04, F.S.

History: New 12/1/68.

NAME OF PERSON ORIGINATING PROPOSED RULES: George Hanna,

Director, Division of Consumer Affairs

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULES:

Florida Public Service Commission

DATE PROPOSED RULES APPROVED: May 21, 1991

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.

Rules 25-4.107
25-4.108
Docket No. 900959-TP

**STATEMENT OF FACTS AND CIRCUMSTANCES
JUSTIFYING RULE**

These rule amendments are necessary to insure that the extended payment plans are offered to all new customers in a fair and non-discriminatory manner. Most telephone companies presently offer extended payment plans, yet customers are generally not informed of the existence of such plans unless they ask. These rules require the service representatives to give all new customers notice of the availability of the extended payment plans.

STATEMENT ON FEDERAL STANDARDS

There are no federal standards applicable to this subject.

STATEMENT OF IMPACT ON SMALL BUSINESS

There will be no impact on small business caused by the implementation of these rules.

RECEIVED

MEMORANDUM

December 5, 1990

DEC 05 1990

General Counsel's Office
Florida Public Service Commission

TO: DIVISION OF APPEALS (WYROUGH)
FROM: DIVISION OF RESEARCH (MAHONEY) *J.A. GINN WAB*
SUBJECT: ECONOMIC IMPACT STATEMENT FOR PROPOSED REVISION TO RULE 25-4.107,
FAC, INFORMATION TO CUSTOMERS

SUMMARY OF THE RULE

The rule in its present form sets the parameters for information to be provided to customers relative to obtaining service. The rule specifically states "each company shall advise the person applying for or inquiring about residential or singleline business service of the rate for the least expensive one party basic local exchange service available to him. . ." The rule further provides for informing the customer of the "No Sales Solicitation" listing and states guidelines for discussion of enhanced or optional services. If local measured service is available within the customer's serving area, the rule sets out the information to be provided on this service. All conditions of the present rule apply to the customer's initial contact with the utility.

The proposed rule revision requires the company to inform parties applying for service or requesting service information, of the availability of the company's extended payment plan for the payment of service connection charges. The rule revision requires information including, but not limited to, rate amounts and installment time periods and procedures.

DIRECT COSTS TO THE AGENCY

There should be no direct agency costs occasioned by adoption of the proposed rule revision. In fact, staff time spent addressing inquiries should decrease with implementation of the rule revision. Over the past few months, the Consumer Affairs Division has received several requests from customers for financial assistance with initial installation of service. These requests have occurred due to customers' perceived inability to pay the initial costs required for installation of telephone service. Although companies assert they do work with potential subscribers who might have problems paying initial service charge costs, some of these customers either have not received this information, or have not understood it. Subsequently they have turned to the Commission for assistance. Implementation of the proposed revision would eliminate or reduce these requests for assistance.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

Twelve of the thirteen local exchange companies (LECs) responded to a data request for information on costs and benefits. Vista-United did not submit a response.

Four of the twelve companies responding provided cost information. (Table 1). One of the four responding companies, Southland, estimated an annual additional cost of \$3,000 should the rule revision be adopted, but provided no supporting data upon which to base this estimate. The remaining three companies (General, Southern Bell, and United) submitted cost information based on the number of contacts for 1989 and the additional estimated cost per contact. The companies indicated costs ranging from 24.8 cents per contact to 75.62 cents per contact. Total maximum estimated costs based on 1989 figures are: United,

\$206,600; Gentel, \$122,648; and Southern Bell, \$253,952. Table 1 illustrates the full scope of the data provided. These three companies account for approximately 95 percent of the local exchange business and residential service within the state. These companies would provide an adequate representative base of cost estimates for implementation of this rule change.

None of the companies indicated severe concern with the costs involved in providing the information to customers. In fact, nearly all responding companies indicated the mechanical cost of meeting the rule revision requirement would be minimal.

The major concern of those utilities was the peripheral effects the revision could have on cash flow. These concerns appear best expressed by Southern Bell as outlined below:

Offering the extended payment plan to all applicants for service would result in the following additional costs and effects, which can only be quantified in part at this time:

- o A reduction in cash flow for the company would result as more customers accept the extended payment option.
- o Higher costs for additional short-term borrowing resulting from reduced cash flow.
- o An increase in uncollectibles may result. If customers are disconnected for nonpayment, and the extended payment plan charges have not yet been paid, there will be an increase in uncollectible levels.
- o An increase in charges to other customers could be needed if installation charges for extended payment plan customers are not recovered.

All responding LECs stated they could foresee no cost savings or benefits as a result of the rule revision. In summary, the companies do not appear unduly concerned with the estimated cost of actually implementing the rule

but do have very real concerns about the ancillary costs which could occur. It can logically be assumed that some additional customers will opt for extended payment when notified of its availability. Depending upon the percentage of customers opting for the extended payment plan, some cash flow problems may occur, possibly to the point where additional short-term borrowing will be required creating additional expense. In addition, there will be some unquantified number of those additional customers opting for extended payment which will become bad debts. This will result in an increase in uncollectible amounts. Any negative economic impact caused by either additional debt service or increased uncollectibles will result in expenses which will be borne by the general body of ratepayers of the affected company.

INDIRECT COSTS AND BENEFITS OR SOCIETAL COSTS AND BENEFITS

It is possible some indirect costs would accrue to the subscriber body in the event circumstances evolved as outlined above by Southern Bell.

A particular segment of the public body would benefit by increased accessibility to telephone service. As is evidenced by those members of the public who have contacted the Division of Consumer Affairs, there are persons desiring telephone service who can afford this service on a time payment plan but cannot pay all installation charges up front. These same contacts provide evidence that not all companies in all cases are providing time payment assistance to those wanting or needing time payments. The rule revision would be of benefit to these persons.

IMPACT ON SMALL BUSINESSES

There would be no impact on small businesses as defined in Section

120.54, Florida Statutes, Florida Small and Minority Business Assistance Act of 1985, as none of the local exchange companies are small businesses.

IMPACT ON COMPETITION

There would be no impact on competition as all affected companies are LECs who are certificated as the only entity allowed to provide local exchange service within their certificated service area.

IMPACT ON EMPLOYMENT

There should be no increase or decrease in employment. The slight decrease in complaints to the Commission that is anticipated, and the minimal amount of time estimated by the utilities to provide the additional required information on initial contacts, indicate no measurable impact on either group.

METHODOLOGY

Discussions were held with the Division of Legal Services, Division of Communications, and Division of Consumer Affairs. Data requests were distributed to the LECs, and follow-up telephone conversations were held. Standard microeconomic analysis was applied to the data.

PEM:jn/e-infocu

TABLE 1

Company	Number of Contacts in 1989	Additional Cost per Contact	Additional Time per Contact	Estimated Additional Total Cost
Southland	?	?	?	\$ 3,000
United	217,854	0.7562¢	02-03 min	137,700-206,600
Gentel	411,971	0.2977¢	45-60 sec	122,648
Southern Bell	1,024,000	0.2480¢	22.50 sec	253,952