

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

January 25, 1996

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

FROM: DIVISION OF APPEALS (BELLAK) *RCB/MS*
DIVISION OF COMMUNICATIONS (REITH, LOMBARDI) *JK*
DIVISION OF RESEARCH & REGULATORY REVIEW (HARLOW, REEVES) *TR*

RE: DOCKET NO. 960029-TL - PROPOSED AMENDMENT OF RULE 25-4.040(4)(f), F.A.C., TELEPHONE DIRECTORIES; DIRECTORY ASSISTANCE (INSIDE WIRING)

AGENDA: 2/6/96 - REGULAR AGENDA - RULE PROPOSAL - INTERESTED PERSONS MAY PARTICIPATE

SPECIAL INSTRUCTIONS: I:\PSC\APP\WP\960029.RCM

CASE BACKGROUND

In Order No. PSC 95-0035-FOF-TL¹, the Commission stated that

To encourage competition in the simple inside wire maintenance and repair market, it is important that consumers receive more education.... To accomplish the insertion of the information in the directory will require an amendment to our rules. Specific language, location, and references will be determined in a rule-making proceeding.

Order No. PSC-95-0035-FOF-TL, at p. 14.

Pursuant to that order, staff drafted the attached amendment to Rule 25-4.040(4)(f), Telephone Directories; Directory Assistance. The purpose of the amendment is to educate customers as to potential problems with their telephone service and the availability of alternatives to the telephone company for the repair of inside wire problems, thus facilitating the competitive market for this service envisioned in the Commission's order.

¹ Docket No. 930485, issued January 9, 1995.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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The economic impact statement (EIS) identified no direct cost to the Commission or other state or local government agencies or impact on small business as a result of the amendment. Of the ten telephone companies responding to data requests, three indicated that their directories currently complied and three indicated that their directories substantially complied. While BellSouth estimated minimal additional costs for expanding its currently provided information, GTE estimated an additional \$50,000 annual cost to regroup or expand the information currently provided, as well as additional costs to standardize the presentation nationally. The four companies not currently providing all or substantially all of the information did not identify additional costs for doing so.

Caveats included AllTel's suggestion that the more technical information be provided in a separate brochure rather than in the directory, where space is limited, and BellSouth's suggestion that most customers would ignore the information because they pay for and expect the telephone company to provide trouble-shooting and maintenance services. Nine of the ten responding companies expect no measurable benefit from the rule. AllTel, however, expects greater ease of dealing with better informed customers.²

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission propose the attached amendments to Rule 25-4.040(4)(f)?

RECOMMENDATION: Yes. The Commission should propose the attached amendments to Rule 25-4.040(4)(f).

STAFF ANALYSIS: With the exception of GTE, no substantial direct costs were identified by the companies as a result of providing this information. While only the passage of time will demonstrate whether large numbers of customers will choose alternatives to the phone companies to repair inside wire problems, the benefits of competition may be presumed in the absence of a valid regulatory need to interfere with normal market activity. The provision of the information in the rule amendment described above is consistent with the transition to local exchange competition as envisioned by the Legislature in Section 364.01(3), Florida Statutes.

² The amendment is also consistent with Section 32 of Chapter 95-403, requiring the Commission to implement a consumer education program concerning competitive providers of local exchange telecommunication services.

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ISSUE 2: If no requests for hearing are received or comments filed, should the attached rule amendment be sent to the Secretary of State for adoption?

RECOMMENDATION: Yes.

RCB

1
2 25-4.040 Telephone Directories; Directory Assistance.

3 (4) The following information shall appear in the front pages
4 of the directory, preceding subscriber listings, along with an
5 index where there are four (4) or more pages of such information:

6 (a) Directions for the use of local exchange and long
7 distance telephone services and calls to repair and directory
8 assistance services.

9 (b) Application and amount of directory assistance charges
10 contained in company tariffs.

11 (c) Application and amount of charges for line busy
12 verification, emergency interrupt and maintenance/repair services.

13 (d) The location of telephone company public business office
14 located in the area covered by the directory.

15 (e) Identification of customer payment locations and an
16 explanation of discontinuance of service procedures for local
17 service.

18 (f) Policy on customer owned equipment and inside wiring
19 shall include, but not be limited to the following information.
20 separately stated:

- 21 1. A layman's description of inside wiring.
22 2. A layman's description of demarcation point.
23 3. A layman's description of the customer's responsibility
24 for all wiring on the customer's side of the demarcation point.
25

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

1
2 4. A generic description of the various types of vendors
3 which sell repair equipment.

4 5. A generic list of the types of service vendors providing
5 maintenance or repair of inside wire, or customer premises
6 equipment.

7 6. Instructions on how to determine whether the customer or
8 the telephone company is responsible for needed repairs.

9 7. Instructions for determining when a phone jack is
10 defective.

11 8. Instructions for determining when a telephone is
12 defective.

13 (g) Policy on the recording of telephone conversations.

14 (h) Policy on harassing calls and sales solicitations
15 generated by illegal automatic dialing equipment.

16 (i) Policy on various violations of law arising from the
17 illegal use of telephone equipment and service.

18 (j) A conspicuous notice of the availability of the "No Sales
19 Solicitation" list offered through the Florida Department of
20 Agriculture and Consumer Services, Division of Consumer Services
21 and the 800 number to contact for further information.

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

23 Law Implemented: 364.03, F.S.

24 History: New 12/1/68, amended 03/31/76, 01/04/78, 12/10/84,
25 formerly, 25-4.40, amended 11/28/89, 03/31/91, 02/11/92,_____.

CODING: Words underlined are additions; words in
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M E M O R A N D U M

December 19, 1995

TO: DIVISION OF APPEALS (Bellak)
FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (Harlow) *gpa [initials]*
SUBJECT: ECONOMIC IMPACT STATEMENT FOR PROPOSED REVISIONS TO RULE 25-4.040(4)(f), FAC, TELEPHONE DIRECTORIES; DIRECTORY ASSISTANCE

SUMMARY OF THE RULE

The proposed rule amendments would require local exchange companies to provide information designed to instruct the customer on how to diagnose whether telephone problems are within the customer's premises or in the company's network. The information would be included in the front pages of the directory and would consist of: (1) a description of inside wiring, the demarcation point, and the customer's responsibility for wiring within the demarcation point; (2) a list of the types of service vendors available; and (3) information on diagnosing whether the problem is within the company's network or the customer's responsibility.

The rule amendment is designed to help educate the customer concerning problems that might arise with their telephone service. The intent is to instruct the customer that there are maintenance and repair alternatives to the telephone company when dealing with inside wiring problems.

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

No direct costs to the Commission or other state or local government entities are expected to result from the proposed rule amendments.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

A data request was sent to the thirteen local exchange companies. Ten of the companies responded. Three of the ten companies (Indiantown Telephone System, Incorporated; United Telephone Company of Florida; and Central Telephone Company of Florida) indicated that the information in the directories currently complies with the proposed rule. Three additional companies (Floral Telephone Company, GTE Florida Incorporated, and BellSouth Telecommunications) indicated

that a substantial portion of the information is currently contained in the directories. GTE estimated it would incur an additional \$50,000 annually to regroup or expand the current information in each directory. GTE also expressed concerns that the rule would add to administrative costs because many of GTE's services are offered nationally; GTE believes that the standardization of service presentation is important to holding down administrative costs. BellSouth estimated that the costs would be minimal to expand the current information provided. However, BellSouth expects to incur some costs to develop the changes and review for accuracy. Florida was unable to quantify the additional costs of providing further information in the directory.

Four of the respondents did not indicate that the information is currently in the directory. Northeast Florida Telephone Company, Incorporated expects the costs of revising the directory to be minimal; while ALLTEL Florida, Incorporated expects no additional costs. Frontier Communications of the South and St. Joseph Telephone and Telegraph could not quantify the additional costs at this time.

The companies may also experience a decrease in revenues if customers elect to no longer use company-provided maintenance and repair programs. However, the extent of this revenue decrease cannot be quantified at this time.

Nine of the ten responding companies expect no measurable benefits to result from the proposed rule amendment. Six of these companies already have all or a substantial part of the required information in the directories. ALLTEL does expect some benefit to result from the increased ease of communicating with better informed customers.

The proposed rule amendment is intended to benefit customers by providing more information on what to do when a telephone failure arises. Better informed customers may be able to choose less costly methods of service repair. However, it is difficult to quantify the benefit that this additional information will have for consumers. An indeterminate number of consumers will rely on the phone book for this type of information. In addition, as noted by BellSouth, "Most basic customers have maintenance plans and will not make use of the information because they figure they pay us to do their trouble determination work, isolate troubles on their side of Network and repair the inside wire and jacks. Most non-basic customers use vendors to do that kind of work for them."

REASONABLE ALTERNATIVE METHODS

ALLTEL supports the intent of the rule and offered the alternative of providing some generic information in the directory, such as a description of the types of problems customers may experience and the options available to them. However, ALLTEL believes that more technically detailed information concerning self-diagnostics, such as diagrams, types of phones and how to test them, is better offered in a separate brochure that can be obtained from the company's business office on request. ALLTEL noted that "many customers do not read their directories and...there may be more of a variety of scenarios than can be covered in the limited space available in the directory."

GTE responded that any directory rules and revisions must be applied equally to all companies (including alternative local exchange companies) to "further an economically efficient marketplace."

IMPACT ON SMALL BUSINESSES

No direct impact on small businesses is foreseen as none of the affected utilities qualify as a small business as defined in Section 288.703(1), Florida Statutes (1991). There may be some indirect impact on small business providers of inside wire services if customers respond to additional information in the directory by hiring these service providers to solve telephone problems within the demarcation point.

IMPACT ON COMPETITION

The impact of the proposed rule amendments on competition is expected to be minimal, primarily because many of the companies already have all or a substantial portion of the information in the directories. However, there may be some increase in competition from outside service providers if customers respond to the additional information by switching to outside vendors to provide telephone repair problems. GTE made the additional point that competition may be affected if alternative local exchange companies are not also required to provide this information in the directory.

IMPACT ON EMPLOYMENT

No impact on employment has been specifically identified. There may be some additional or redirected effort to format and review the information for