

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

July 18, 1996

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

FROM: DIVISION OF COMMUNICATIONS (K. LEWIS) *KL*
DIVISION OF LEGAL SERVICES (BILLMEIER) *LMB MCB*

RE: DOCKET NO. 960676-TL - ALLTEL FLORIDA, INC. - PETITION
FOR WAIVER OF RULE 25-4.076(1), F.A.C., WHICH REQUIRES
ONE LEC-PROVIDED PAYPHONE PER EXCHANGE.

AGENDA: 07/30/96 - REGULAR AGENDA - PROPOSED AGENCY ACTION -
INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\960676TL.RCM

DISCUSSION OF ISSUES

ISSUE 1: Should ALLTEL Florida, Inc. be granted an exemption from the requirement of Rule 25-4.076(1), Florida Administrative Code, that it provide a payphone in each exchange, for its Raiford exchange, subject to future Commission decisions?

RECOMMENDATION: Yes, the exemption should be granted for its Raiford exchange, subject to future Commission decisions.

STAFF ANALYSIS: On May 30, 1996, ALLTEL Florida, Inc. (ALLTEL) filed a petition requesting that it be granted a waiver of Rule 25-4.076(1), Florida Administrative Code. This rule requires that each local exchange company (LEC) provide at least one coin telephone in each of its exchange areas. The rule states in pertinent part:

**25-4.076 Pay Telephone Service
Provided by Local Exchange
Companies.**

(1) Each local exchange company shall, where practical, supply at least one coin telephone in each exchange that will be available to the public on a twenty-four (24) hour basis. This coin

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telephone shall be located in a prominent location in the exchange. Except as provided herein, a telephone company may not be required to provide pay telephone service at locations where the revenues derived therefrom are insufficient to support the required investment unless reasonable public requirements will be served.

The original intent of this rule was to ensure that consumers had access to a pay telephone, regardless of where the consumer might reside or travel in Florida. Since the pay telephone industry has become competitive, the number of pay telephones in the state has increased. For example, there are approximately 20,000 more pay telephones in Florida today than there were 10 years ago. In 1986 there were approximately 92,000 pay telephones, today, there are approximately 113,000.

In 1995 staff recognized the effects of competition and the widespread availability of pay telephones and drafted language to amend Rule 25-4.076(1). The proposed amendment strikes that portion of the rule that requires each LEC to supply at least one coin telephone in each exchange but also adds language sufficient to clarify that the Commission may still require placement of a pay telephone in a location if necessary in the public interest. Staff's proposed amendment is part of several revisions to the LEC and non-LEC pay telephone rules in Docket No. 951560, which is presently scheduled to be placed on the July 30, 1996 agenda.

ALLTEL's petition (Attachment A) lists four reasons the company believes the waiver should be granted: excessive vandalism at the location; three non-LEC payphones located within 100 yards of the ALLTEL payphone; no other acceptable locations within the exchange; and, cost of improving the existing location is not justified based upon small amount of revenue generated by the payphone.

Staff believes the requirement is more properly termed an exemption, authorized by Rule 25-4.002(2), Florida Administrative Code. Staff believes granting an exemption for the Raiford exchange only is in the public interest. Doing so will relieve ALLTEL of a requirement that is burdensome and unnecessary at that particular location. Granting the exemption will not harm the public as there are at least four other payphones in the Raiford exchange. Also, granting the exemption may benefit the other payphone providers as they will gain the opportunity to earn additional revenue as customers who might have used the ALLTEL

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payphone may now use one of their payphones. Finally, the Commission may order ALLTEL to place a payphone at the location in the future if it determines that doing so is in the public interest. Staff recommends that ALLTEL's petition be granted for the reasons previously stated.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, if no timely protest to the proposed agency action is filed within 21 days of the date of issuance of the Order, this docket should be closed.

STAFF ANALYSIS: Whether staff's recommendation on issue 1 is approved or denied, the result will be a proposed agency action order. If no timely protest to the proposed agency action is filed within 21 days of the date of issuance of the Order, this docket should be closed.