

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

August 1, 1996

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

FROM: DIVISION OF COMMUNICATIONS (AUDU, WIGGINS) *AW MW*
DIVISION OF LEGAL SERVICES (EDMONDS) *LE MCB*

RE: DOCKET NO. 960766-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY THE FLORALA TELEPHONE COMPANY, INC.

DOCKET NO. 960767-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY THE GULF TELEPHONE COMPANY.

DOCKET NO. 960768-TL - NOTICE OF ELECTION OF PRICE
REGULATION BY THE ST. JOSEPH TELEPHONE & TELEGRAPH
COMPANY.

AGENDA: 8/13/96 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\960766TL.RCM

CASE BACKGROUND

The recent changes in Chapter 364, Florida Statutes, allow for local exchange companies to elect price regulation effective January 1, 1996. When a company elects price regulation, certain rates will be capped and the company will be allowed to revise rates only per the statute.

On June 25, 1996 Florala Telephone Company, Inc. (Florala), Gulf Telephone Company (Gulf) and St. Joseph Telephone & Telegraph Company (St. Joseph) each filed notifications that they would each elect price regulation effective June 25, 1996. This recommendation will address as of what dates these companies' rates should be capped.

DOCUMENT NUMBER-DATE

08082 AUG-1 96

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DISCUSSION OF ISSUES

ISSUE 1: With Florala's, Gulf's and St. Joseph's elections of price regulation effective June 25, 1996, as of what date should their rates be capped?

RECOMMENDATION: With Florala's, Gulf's and St. Joseph's elections of price regulation effective June 25, 1996, their basic local telecommunications service and network access rates should be capped effective June 25, 1996 pursuant to Sections 364.051(2)(b) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in Section 364.051(6)(a), Florida Statutes.

STAFF ANALYSIS: Florala, Gulf and St. Joseph filed notifications on June 25, 1996 (Attachment A) that they would elect price regulation effective June 25, 1996. Section 364.051, Florida Statutes, details the provisions of price regulation for local exchange companies.

Section 364.051(2)(b), Florida Statutes, reads:

Upon the date of filing its election with the commission, the rates for basic local telecommunications service of a company that elects to become subject to this section shall be capped at the rates in effect on that date and shall remain capped as stated in paragraph (a).

Florala, Gulf and St. Joseph have filed their notifications pursuant to this provision.

Therefore, Florala's, Gulf's and St. Joseph's basic local telecommunications service rates will be capped at the levels in effect on June 25, 1996. In addition, these rates cannot be increased until January 1, 1999.

Section 364.02(2), Florida Statutes, defines basic local telecommunications service as:

...voice-grade, flat-rate residential and flat-rate single-line business local exchange services which provide dial tone, local usage necessary to place unlimited calls within a local exchange area, dual tone multi-frequency dialing, and access to the following: emergency services such as "911," all locally

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service routes, and extended calling service in existence or ordered by the commission on or before July 1, 1995.

In addition to the capped basic local telecommunications services, protected non-basic services (Section 364.051(6), Florida Statutes) and network access services (364.163, Florida Statutes) are likewise capped. The protected non-basic services are capped at the rates in effect on July 1, 1995. There is no cap for all other non-basic services. Network access rates are capped at the rates in effect on June 25, 1996, the effective date of the election.

The non-basic services portion (364.051(6)(a), Florida Statutes) specifically states in relevant part:

...However, for purposes of this subsection, the prices of:

1. A voice-grade, flat-rate, multi-line business local exchange service, including multiple individual lines, centrex lines, private branch exchange trunks, and any associated hunting services, that provides dial tone and local usage necessary to place a call within a local exchange calling area; and
2. Telecommunications services provided under contract service arrangements to the SUNCOM Network, as defined in chapter 282,

shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 1999;...

With Florida's, Gulf's and St. Joseph's elections of price regulation effective June 25, 1996, staff recommends that their basic local telecommunications service and network access rates should be capped effective June 25, 1996 pursuant to Sections 364.051(2)(b) and 364.163, Florida Statutes. In addition, the rates for protected non-basic services should be capped at the rates in effect on July 1, 1995 as specified in Section 364.051(6)(a), Florida Statutes.

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ISSUE 2: Should these dockets be closed?

RECOMMENDATION: Yes. These dockets should be closed.

STAFF ANALYSIS: With the Commission's approval of staff's recommendations in Issues 1, these dockets should be closed.