



Public Service Commission

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DATE: 09/10/98

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

FROM: DIVISION OF COMMUNICATIONS (YAMBOR) *Ad*
DIVISION OF LEGAL SERVICES (COX) *MS*

RE: DOCKET NO. 980603-TC - TELEQUIP LABS, INC.- PETITION FOR EXEMPTION FROM RULES AND ORDERS WHICH PROHIBIT CONCENTRATION OF LINE SERVICES FOR CALLS MADE FROM STORE-AND-FORWARD PAY TELEPHONES LOCATED IN CONFINEMENT INSTITUTIONS

AGENDA: 09/22/98 - REGULAR AGENDA -PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: STATUTORY DEADLINE 7/29/98-WAIVED BY PETITIONER

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\980603TC.RCM

CASE BACKGROUND

Telequip Labs, Inc. (Telequip) was granted pay telephone certificate No. 5869, with an effective date of July 14, 1998.

Telequip is a newly certificated company and plans to install pay telephones through RFP's for various city, county and state agencies to serve inmate population needs.

On April 30, 1998, Telequip filed a Petition for a waiver of those rules and policies currently prohibiting it from providing 0+ local and 0+ intraLATA calls from store-and-forward pay telephones located in confinement facilities in separate Docket No. 980602-TC.

Additionally, on April 30, 1998, Telequip filed a Petition for Waiver of those rules and policies currently prohibiting the

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company from installing concentrators to allow up to three instruments per access line for its pay phones located in confinement facilities (Attachment A, pp 6-9). Staff believes the petition is more properly termed a petition for exemption authorized by Rule 25-24.505(3), Florida Administrative Code.

On August 25, 1998, Telequip filed an amendment to its waiver petition (Attachment B, pp 10-11). In this amendment, the petitioner supplemented information and waived the 90 day statutory deadline for the Commission's decision on the petition.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant Telequip's petition for an exemption from the provisions of Rule 25-24.515(9), Florida Administrative Code, and Order No. 14529 which prohibit Telequip from installing up to three pay telephone instruments per access line in confinement facilities.

RECOMMENDATION: Yes, the exemption should be granted for Telequip's pay telephones located in confinement facilities only and provided there is a concentration of no more than three pay telephone instruments per access line. (Yambor)

STAFF ANALYSIS:

Past Commission Policy

The policy of a one to one ratio of pay phone instruments to access lines was established in Order No. 14529, issued July 1, 1985, which states:

"We find that it is also in the public interest that we require one PATS instrument per coin access line. We reach this conclusion in the effort to avoid a pay phone customer getting a busy signal when he attempts to use the pay phone when an emergency arises. The probability of getting a busy signal increases when a line is shared by several PATS instruments."

LEC tariffs contain language requiring pay telephone providers to order a separate public telephone access line for each telephone instrument installed. In addition, Rule 25-24.515(9), Florida Administrative Code, states "Each telephone station must be connected as provided in the pay telephone access tariff offered by the local exchange company."

However, confinement facilities have their own emergency response systems in place and Rule 25-24.515(15), Florida Administrative Code, exempts pay phones located in confinement facilities from the requirement to provide access to 911. For these reasons, the concern with inmates getting a busy signal when they try to reach emergency services is moot.

Telequip's Waiver Request

The Commission can grant a waiver of a rule pursuant to Section 120.542 (2), Florida Statutes. It states in part:

(2) Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness.

Staff has summarized the key points Telequip made in its petition below:

- 1) Telequip installs sophisticated premises equipment that permits inmates to make outgoing collect-only calls without assistance of a live operator. These services are connected to a centralized call processing unit with store-and-forward capability.
- 2) Telequip will provide a number of controls and restrictions that reduce or eliminate fraudulent use of telephone services. These restrictions also equip the institution with increased control over the use of telecommunications by the inmates.
- 3) Telequip intends to install call processing systems with fewer access lines than instruments. Line concentration allows a greater number of instruments which would not

normally warrant dedicated access lines. This assists institution management on inmate access to telecommunications services.

- 4) Telequip will design line and engineer its systems so that the number of access installed is sufficient enough to support inmate call traffic at the busiest hours.
- 5) Telequip agrees to use no more than three telephone instruments per LEC access line in each institution served.
- 6) The Commission's approval of Telequip's petition is consistent with legislative mandates to avoid unnecessary regulatory constraints and to eliminate rules that delay or impair the transition to competition (Sections 364.01(4)(e) and 364.01(4)(f), Florida Statutes.

Staff believes that a three to one ratio of pay phones to access lines will allow adequate access to telephone service by the inmate population. However, if the administrators of a correctional facility are not satisfied with the level of access, staff believes that Telequip would be responsive to the facility as failure to do so might jeopardize its contract for pay telephone service.

Pay phones in confinement facilities are exempt from the 911 access rule. Considering that difference from normal public requirements, and through its petition, Telequip has demonstrated that allowing it to install concentrators from confinement facilities will relieve any substantial hardships it may incur. Further, Telequip is capable of providing line concentration immediately as the technology is already in place within the pay telephone. Staff believes Telequip's petition to handle line concentration calls from confinement facilities should be granted as it has met the requirements of Section 120.542 (2), Florida Statutes.

DOCKET NO. 980603-TC
DATE: September 10, 1998

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action. (Cox)

STAFF ANALYSIS: This docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for exemption from rules)
and orders which prohibit concentration of)
line services for calls made from)
store-and-forward pay telephones located)
in confinement institutions by)
Telequip Labs, Inc.)
_____)

Docket No. _____

PETITION FOR WAIVER

Pursuant to Commission Rule 25-24.505(3), Florida Administrative Code, Telequip Labs, Inc. ("Telequip") petitions the Florida Public Service Commission ("Commission") for exemption from those rules and requirements prohibiting Telequip from utilizing line concentration in the provision of store-and-forward pay telephones to inmates of confinement institutions within the state of Florida. In support of its petition, Telequip states:

1. Petitioner's name and address are:

Telequip Labs, Inc.
1820 North Greenville Ave.
Richardson, Texas 75081
Telephone: (972) 390-9546
Facsimile: (972) 437-2001

2. All notices, orders or documents regarding this petition should be directed to:

Suzanne Rettew
Director of Business Development
Telequip Labs, Inc.
1820 North Greenville Ave.
Richardson, Texas 75081
Telephone: (972) 437-3800
Facsimile: (972) 437-2001

and Hal Stringer
Consultant to Telequip Labs, Inc.
Technologies Management, Inc.
P.O. Drawer 200
Winter Park, FL 32790-0200
Telephone: (407) 740-8575
Facsimile: (407) 740-0613

3. **Telequip is incorporated under the laws of the State of Nevada. Telequip filed concurrent with this petition, an application for Certificate to Provide Pay Telephone Service with the Commission. At this time, the company does not provide service within the State of Florida.**

4. **Telequip proposes in its application for a Certificate to Provide Pay Telephone Service to offer telecommunications services to inmates of confinement institutions within the state of Florida similar to services it currently offers in other jurisdictions. The Company installs sophisticated premises equipment in confinement institutions that permits inmates to make outgoing, collect-only calls without the assistance of a live operator. The company's services are provided through telephone instruments connected to a centralized call processing unit with store-and-forward capability.**

Through this equipment, the company provides a number of controls and restrictions that serve to reduce or eliminate fraudulent use of telephone services. These restrictions also provide the confinement institution with increased control over the use of the telecommunications services used by inmates of the institution.

5. **Telequip seeks exemption from rules and orders restricting concentration of access lines connected to its equipment and instruments. Where traffic permits, the company desires to install its call processing systems with fewer access lines than instruments. The use of line concentration allows Telequip to deploy a greater number of instruments in facility locations which would not normally warrant dedicated access lines. A greater number of telephones simplifies a confinement institution's management of inmate access to telecommunications services.**

6. Rules regarding line concentration were first adopted by the Commission in Order No. 14529, issued July 1, 1985. By this order, the Commission requires one pay telephone instrument be installed per access line. Order 14529 requires one PATS instrument per access line in order to prevent a busy signal when a customer or user attempts to use the payphone during an emergency situation.

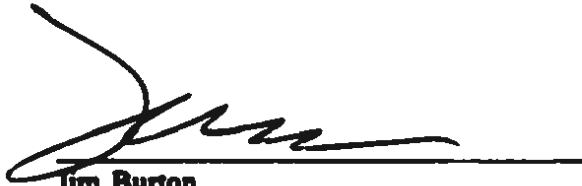
Rule 25-24.515(9), Florida Administrative Code further requires that each telephone instrument be connected as provided in the tariff for the Local Exchange Carrier ("LEC") serving the institution. LEC tariffs generally contain language which permits only one instrument per line. The exemption requested by Telequip is similar to one already granted by the Commission to ATN, Inc.¹ In its orders granting waivers to ATN, Inc., the Commission recognized that confinement institutions have their own emergency response systems in place and Rule 25-24.515(15), Florida Administrative Code, exempts payphones located in confinement facilities from the requirement to provide access to 911. For these reasons, the Commission describes as moot the requirement for one instrument per line with respect to emergency calls in confinement institutions.

7. Telequip will design and engineer its systems so that the number of access lines installed is sufficient to support inmate call traffic during the busiest hour of the day. Should the exemption requested herein be granted, Telequip agrees to use no more than three telephone instruments per LEC access line in those institutions it will serve.

¹ In Re: Petition for waiver of rules and orders which currently prohibit concentration of line services for calls made from store-and-forward coinless pay telephones located in confinement facilities, and for such other relief as may be appropriate, by ATN, Inc., Docket No. 960805-TC, Order No. PSC-96-1157-FOF-TC, Issued September 17, 1996.

WHEREFORE, Telequip Labs, Inc. respectfully requests, subject to approval of its application for certification, that it be granted exemption from the provisions of Rule 25-24.515(9), Florida Administrative Code and Order No. 14529 issued July 1, 1985 relating to line concentration, and for such other relief as may be appropriate.

Respectfully submitted this 27 day of April, 1998.



Jim Burton
Telequip Labs, Inc.
1820 North Greenville Ave.
Richardson, Texas 75081

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition for exemption from rules)
and orders which prohibit concentration of)
line services for calls made from)
store-and-forward pay telephones located)
in confinement institutions by)
Telequip Labs, Inc.)

Docket No.980603-TC

PETITION FOR WAIVER

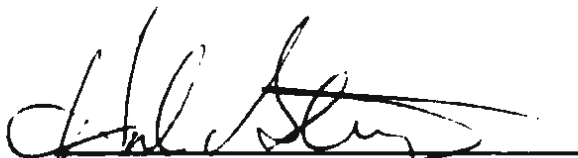
Pursuant to Commission Rule 25-24.505(3), Florida Administrative Code, Telequip Labs, Inc. ("Telequip") filed a petition on April 29, 1998 with the Florida Public Service Commission ("Commission") requesting a waiver of those rules and requirements prohibiting Telequip from utilizing line concentration when providing service from store-and-forward pay telephones located in confinement institutions within the state of Florida. Telequip files this amendment to supplement its petition with information required by Florida Statute 120.542 and to request an extension of the ninety (90) day time period for processing of the instant petition.

Telequip believes that it will suffer a substantial hardship if the line concentration prohibition is not waived. Absent a waiver, Telequip will be forced to purchase more pay telephone access lines and associated equipment than is necessary to provide inmate calling for a particular facility. Telequip believes that this unnecessary expenditure would result in lower profit margins, and possibly losses, for Telequip, and will unnecessarily increase Telequip's cost of providing service to inmate facilities.

Telequip further believes that not granting the requested waivers would violate principles of fairness as numerous competitors to Telequip have been granted such waivers in the past by the Commission. Granting Telequip the requested waiver would insure that Telequip is on an equal footing with its competitors when proposing service to inmate facilities.

WHEREFORE, Telequip Labs, Inc. respectfully requests, subject to approval of its application for certification, that it be granted exemption from the provisions of Rule 25-24.515(9), Florida Administrative Code and Order No. 14529 issued July 1, 1985 relating to line concentration, an extension of the ninety (90) day approval period prescribed by Florida Statute 120.542(2) for processing of this waiver request, and for such other relief as may be appropriate.

Respectfully submitted this 25th day of August, 1998.

A handwritten signature in black ink, appearing to read 'Hal Stringer', written over a horizontal line.

**Hal Stringer
Consultant to Telequip Labs, Inc.
210 North Park Avenue
Winter Park, FL 32789**