



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECORDS AND
REPORTING

99 MAY 36 AM 11:52

RECEIVED-FPSC

DATE: MAY 6, 1999

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

FROM: DIVISION OF LEGAL SERVICES (BEDELL) *CB*
DIVISION OF COMMUNICATIONS (OLLILA) *SMD*

RE: DOCKET NO. 980459-TP - FLOW-THROUGH OF 1998 LEC SWITCHED
ACCESS REDUCTIONS BY IXCS, PURSUANT TO SECTION 364.163(6),
F.S.

AGENDA: 05/18/99 - REGULAR AGENDA - INTERESTED PERSONS MAY
PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\980459.RCM

CASE BACKGROUND

During the 1998 Legislative Session, the House and the Senate passed revisions to Section 364.163(6), Florida Statutes, including one that modified existing requirements for switched access rate reductions and the flow-through of those reductions to customers.

By Order No. PSC-98-0795-FOF-TP, issued June 8, 1998, the Commission ordered the access rate reductions and flow-throughs consistent with the revisions to Section 364.163, Florida Statutes. No protests to the order were filed. Thereafter, GTEFL and Sprint-Florida reduced their intrastate switched access rates by a total of approximately \$18 million, annualized, effective July 1, 1998. Their intrastate switched access rate reductions effective October 1, 1998, totaled approximately \$34 million on an annualized basis. The total, annualized effect of the 1998 intrastate switched access reduction was approximately \$52 million.

DOCUMENT NUMBER-DATE

05759 MAY-6 99

FPSC-RECORDS/REPORTING

This recommendation addresses the remaining outstanding matter and closes this docket.

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission take further action against Utilicore?

RECOMMENDATION: No. Utilicore filed a timely response to the Commission's Order to Show Cause and has demonstrated that no flow-through of the switched access charge reduction was required. (BEDELL)

STAFF ANALYSIS: In response to staff's recommendation to show cause, Utilicore sent a letter dated March 22, 1999 and then, in response to Order No. PSC-99-0666-SC-TP, issued April 6, 1999, Utilicore sent another letter dated April 7, 1999. Both letters state that Utilicore is a reseller of telecommunications services and does not purchase any switched access. Thus, Utilicore was not required to flow through switched access charge reductions.

In addition, Utilicore's responses explain that key people responsible for responding to the Commission in this matter have resigned or been terminated. Further, Utilicore states that it has every intention of complying with Commission orders and requests that it not be fined for the recent failure to address the flow-through issue based on the turnover of personnel responsible for regulatory matters.

Staff recommends that the Commission not penalize Utilicore for its failure to timely respond on the flow-through reduction. Key personnel resignations were beyond the Company's control and the Company appears to have had a brief period in which it was vulnerable to being unresponsive to our requests for information. Further, the company states that it ceased providing telecommunications services on February 15, 1999. In addition, Utilicore did not purchase any switched access; therefore, no reduction was required to be passed on to customers.

Based on the foregoing, staff recommends that no penalties should be imposed against Utilicore.

DOCKET NO. 980459-TP
DATE: MAY 6, 1999

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, this docket should be closed. No further action is required in this docket; therefore, the docket may be closed. (BEDELL)

STAFF ANALYSIS: Yes, this docket should be closed. All affected companies have now complied with the provisions of Order No. PSC-98-0795-FOF-TP. No further action is required in this docket; therefore, the docket may be closed.