

Public Service Commission

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



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RECORDS AND REPORTING
01 JAN 25 PM 1:37
RECORDS AND REPORTING

DATE: JANUARY 25, 2001

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

FROM: DIVISION OF REGULATORY OVERSIGHT (HAWKINS, GILCHRIST) *JK*
 DIVISION OF COMPETITIVE SERVICES (SIMMONS, CATER) *JK*
 DIVISION OF LEGAL SERVICES (KNIGHT, W., VACCARO) *WV*

RE: DOCKET NO. 001828-TL - NOTICE OF ELECTION OF PRICE REGULATION BY QUINCY TELEPHONE COMPANY D/B/A TDS TELECOM/QUINCY TELEPHONE.

AGENDA: 02/06/01 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\LEG\WP\001828.RCM

CASE BACKGROUND

Section 364.051, Florida Statutes, provides that local exchange companies may elect price regulation. When a company elects price regulation, certain rates are capped and the company is allowed to revise rates only in accordance with the statute.

On December 28, 2000, Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone (Quincy) filed its notification of election to become subject to price regulation effective immediately and subject to the provisions of Section 364.051, Florida Statutes. The notice is attached to this recommendation (ATTACHMENT A), as well as, Quincy's current tariff pages which reflect its Company Wide Rate Groups and basic service rates. (ATTACHMENT B.)

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

The Commission is vested with jurisdiction over this matter pursuant to Section 364.052(2).

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission acknowledge Quincy's election to become subject to price regulation effective December 28, 2000?

RECOMMENDATION: Yes. With Quincy's election of price regulation effective December 28, 2000, its basic local telecommunications service rates are subject to Section 364.051(3), Florida Statutes. Furthermore, Quincy's network access rates should be capped until December 28, 2005, pursuant to 364.163(1), Florida Statutes.
(HAWKINS, GILCHRIST)

STAFF ANALYSIS: Quincy filed notification on December 28, 2000, of its election of price regulation effective immediately. In doing so, the Company became subject to the provisions of Section 364.051, Florida Statutes. The relevant parts of subsections (1), (2), (3) and (5) are noted as follows:

364.051 Price Regulation.-

(1) SCHEDULE.-Notwithstanding any other provision of this chapter, the following local exchange telecommunications companies shall become subject to the price regulation described in this section on the following dates:

(b) Effective on the date of filing its election with the commission, but no sooner than January 1, 1996, any local exchange telecommunications company with fewer than 100,000 access lines in service on July 1, 1995, that elects pursuant to s. 364.052 to become subject to this section.

(c) Each company subject to this section shall be exempt from rate base, rate of return regulation and the requirements of ss. 364.03, 364.035, 364.037, 364.05, 364.055, 364.14, 364.17 and 364.18.

(2) BASIC LOCAL TELECOMMUNICATIONS SERVICE.- Price regulation of basic local telecommunication service shall consist of the following:

(a) Effective January 1, 1996, the rates for basic local telecommunications service of each company subject to this section shall be capped at the rates in effect on July 1, 1995, and such rates shall not be increased prior to January 1, 2000. However, the basic local telecommunications service rates of a local exchange telecommunications company with more than 3 million basic local telecommunications service access lines in service on July 1, 1995, shall not be increased prior to January 1, 2001.

(b) 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).

(3) In the event that it is determined that the level of competition justifies the elimination of price caps in an exchange served by a local exchange telecommunications company with less than 3 million basic local telecommunications service access lines in service, or at the end of 5 years for any local exchange telecommunications company, the local exchange telecommunications company may thereafter on 30 days' notice adjust its basic service prices once in any 12-month period in an amount not to exceed the change in inflation less 1 percent. Inflation shall be measured by the changes in the Gross Domestic Product Fixed 1987 Weights Price Index or successor fixed weight price index, published in the Survey of Current Business or a publication, by the United States Department of Commerce. In the event any local exchange telecommunications company, after January 1, 2001, believes that the level of competition justifies the elimination of any form of price regulation, the company may petition the Legislature.

(5) NONBASIC SERVICES.-Price regulation on nonbasic services shall consist of the following:

(a) Each company subject to this section shall maintain tariffs with the commission containing the terms, conditions, and rates for each of its nonbasic services, and may set or change, on 15 days' notice, the rate for each of its nonbasic services, except that price increase for any nonbasic service category shall not exceed 6 percent within a 12-month period until there is another provider providing local telecommunications service in an exchange area at which time the price for any nonbasic service category may be increased in an amount not to exceed 20 percent within a 12-month period, and the rate shall be presumptively valid.

Quincy's election of price regulation also subjects it to the provision of Section 364.163, Florida Statutes. The pertinent language is noted as follows:

364.163 Network access services.-

For purposes of this section, "network access service" is defined as any service provided by a local exchange telecommunication company certificated under this chapter or licensed by the Federal Communications Commission to access the local exchange telecommunications network, excluding the local interconnection arrangements in s.364.16 and the resale arrangements in s.364.161. Each local exchange telecommunications company subject to s.364.051 shall maintain tariffs with the commission containing the terms, conditions, and rates for each of its network access services.

(1) Effective January 1, 1999, the rates for switched network access services of each company subject to this section shall be capped at the rates in effect on January 1, 1999, and shall remain capped until January 1, 2001. Upon the date of filing its election with the commission, the network access rates 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 for 5 years.

In light of the statutory requirements, staff recommends that with Quincy's election of price regulation effective December 28, 2000, its basic local telecommunications service rates are subject to Section 364.051(3), Florida Statutes. Network access rates should be capped at the rates in effect December 28, 2000 and are capped until December 28, 2005, pursuant to 364.163(1), Florida Statutes.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. With the Commission's approval of staff's recommendation in Issue 1, this docket should be closed if no person whose substantial interests are affected files a protest within 21 days of the issuance of this Order. The Order will become final upon the issuance of a consummating order. If no timely protest is filed, this docket should be closed. If, after reviewing the company's prior period earnings, the staff believes Quincy experienced over earnings, then staff will open a new docket. **(KNIGHT)**

STAFF ANALYSIS: With the Commission's approval of staff's recommendation in Issue 1, this docket should be closed if no person whose substantial interests are affected files a protest within 21 days of the issuance of this Order. The Order will become final upon the issuance of a consummating order. If no timely protest is filed, this docket should be closed. Pursuant to Section 364.052(2), Florida Statutes, staff will review the company's prior period earnings. If staff believes Quincy experienced over earnings, then staff will open a new docket.

TDS TELECOM

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DIVISION OF
REGULATORY OVERSIGHT

December 28, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0872

RECEIVED-FPSC
00 DEC 28 AM 11:37
RECORDS AND
REPORTING

001828-TL

RE: Notice of Election of Price Regulation

Dear Ms. Bayo:

*Quincy Telephone Company d/b/a
TDS Telecom/Quincy Telephone*

TDS TELECOM/Quincy Telephone Company, a small local exchange telecommunications company, as defined by Section 364.052(1), Florida Statutes, pursuant to Section 364.052(2), Florida Statutes, hereby gives notice of its election to become subject to Section 364.051, Florida Statutes. Section 364.052(2), Florida Statutes, requires small local exchange companies to elect price regulation by January 1, 2001 or the company shall remain under rate base, rate of return regulation until such time as a certificated alternative local exchange company provides basic local telecommunications service in the company's territory. The election to be under price regulation is effective immediately upon personal service of this letter on the Clerk of the Commission.

A copy of this letter is enclosed. Please acknowledge receipt and return the copy to company. If you have any questions, please contact me at (850) 875-5207.

RECEIVED & FILED

[Signature]
FPSC-BUREAU OF RECORDS

Sincerely

[Signature]

Thomas M. McCabe
Manager—External Relations
TDS TELECOM

GENERAL EXCHANGE TARIFF

QUINCY TELEPHONE COMPANY
d/b/a TDS TELECOM/QUINCY TELEPHONE
Florida

Section A3
Seventh Revised Sheet 1
Cancels Sixth Revised Sheet 1

BASIC LOCAL EXCHANGE SERVICE

A. GENERAL

1. Exchange rate schedules are applied according to the total number of access lines and PBX trunks in the local service area.
2. Service Areas for each exchange as appropriate are identified on maps filed as a supplement to this tariff.
3. The rules, regulations, and rates for service and equipment not specifically shown in this section are detailed in other sections of this tariff.

B. COMPANY WIDE RATE GROUPS

1. The following schedules of rate groups are appropriate for the furnishing of Flat-Rate Service. The groupings are based on access lines and PBX trunks in the local service area.

<u>Group</u>	<u>Upper Limit</u>
1	Unlimited

2. Exchange Rate Group Classifications and Local Calling Areas:

<u>Exchange</u>	<u>Rate Group</u>	<u>Local Calling Area Includes</u>
Greensboro	1	Gretna, Quincy, Havana* Tallahassee*, Chattahoochee, FL*
Gretna	1	Greensboro, Havana*, Quincy Tallahassee*, Chattahoochee, FL*
Quincy	1	Greensboro, Gretna, Havana* Tallahassee*, Chattahoochee, FL

3. Maps of Exchange Service Area

Appropriate maps of the Exchange Service Areas are filed in Supplement Section A3.

*Other than the Company service area.

(T)

ISSUED: March 10, 1997

EFFECTIVE: April 10, 1997

BY: G. R. Barnes, President

QUINCY TELEPHONE COMPANY
Florida

Section A3
Fifteenth Revised Sheet 4
Cancels Fourteenth Revised Sheet 4

BASIC LOCAL EXCHANGE SERVICE

C. MONTHLY EXCHANGE RATES (Continued)

2. Residence and Business Main Service Rates (Continued)

d. Arrangements for Rotary Service

Rotary Line Service Rates

Rate Group 1

Per Line Res.	\$24.77
Per Line Bus.	\$53.35

e. PBX Trunks

PBX flat-rate trunks are provided for residence or business service as specified following, per trunk

Rate Group 1

Combination	\$69.95
Inward	\$69.95
Outward	\$69.95

(D)
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(D)

Quincy Telephone Company
d/b/a TDS Telecom/Quincy Telephone

SECTION A3
TENTH REVISED SHEET NO. 2
CANCELS NINTH REVISED SHEET NO. 2

ISSUED: December 21, 1994

EFFECTIVE: January 15, 1995

BASIC LOCAL EXCHANGE SERVICE

B. COMPANY WIDE RATE GROUPS (cont'd)

4. Regrouping Procedures

Whenever the number of access lines and PBX trunks in the local calling area of an exchange increases or decreases to the extent that such exchange would fall into a different rate group, a revised tariff sheet shall be filed for authority to reclassify the exchange to its appropriate group. The excess or deficit will be considered to have been established for reclassification purposes when:

- a. The rate group in which an exchange falls shall be determined by the peak number of access lines in the exchange's local calling area since the effective date of the preceding directory.

C. MONTHLY EXCHANGE RATES

1. The rates specified herein entitle subscribers to an unlimited number of messages to all stations bearing the designation of central offices within the serving exchange and additional exchanges or portions of exchanges as shown in B.2 preceding.

2. Residence and Business Main Service Rates

a. Residence Main Flat-Rate Service

Group 1

Individual Line	\$ 12.70	(I)
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By: G.R. Barnes, President

GENERAL EXCHANGE TARIFF

Quincy Telephone Company
d/b/a TDS Telecom/Quincy Telephone

SECTION A3
TENTH REVISED SHEET NO. 3
CANCELS NINTH REVISED SHEET NO. 3

ISSUED: December 16, 1994

EFFECTIVE: January 15, 1995

BASIC LOCAL EXCHANGE SERVICE

C. MONTHLY EXCHANGE RATES (cont'd)

2. Residence and Business Main Service Rates (cont'd)

b. Business Main Flat-Rate Service

Group 1

Individual Line \$35.00 (I)

c. Residence and Business Basic Exchange Rates by Exchanges.

<u>Exchange</u>	<u>Residence</u>		<u>Business</u>	
	<u>Ind.</u>	<u>Ind.</u>	<u>Ind.</u>	
Greensboro	\$ 12.70	\$ 12.70	\$ 35.00	(I)
Gretna	\$ 12.70	\$ 12.70	\$ 35.00	(I)
Quincy	\$ 12.70	\$ 12.70	\$ 35.00	(I)

By: G.R. Barnes, President