

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Rule 25-24.630(1), Rate)	
And Billing Requirements, and)	Docket No.: 060476-TL
Rule 25-24.516(1), Pay Telephone)	
Rate Caps)	
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INITIAL COMMENTS OF THE FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, INC.

Pursuant to the request of Staff at the Proposed Rule Development Workshop held in Tallahassee on September 1, 2006, the Florida Public Telecommunications Association, Inc. ("FPTA") hereby respectfully submits its Initial Comments in this proceeding:

1. FPTA appreciates Staff's willingness to consider the issues surrounding the present rate caps for intrastate operator services in Florida. As pointed out in BellSouth's petition initiating this rulemaking proceeding, there have been significant changes in the relevant markets (pay telephone, correctional & hospitality services) that require a re-look at the ongoing validity of the present rate caps and a re-examination of what constitutes an appropriate level for these charges. The marketplace changes have included significant growth in competitive choices, both wireline and wireless, for consumers with 'away from home/business' calling needs. In the payphone segment, the changes have also involved a major drop in call volumes, revenues and numbers of pay stations and providers serving the calling public in Florida.
2. Consistent with our comments at the recent Workshop in this Docket, FPTA believes it is a valid exercise to consider reasonable distinctions with respect to

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the need for retention of rate caps, and the nature of the applicable regulatory treatment going forward, as between the payphone, inmate and hospitality sectors, based upon the different characteristics of those market segments. In this regard, it is FPTA's initial position that rate caps should be (a) updated but not eliminated with respect to a "hospitality" setting; (b) updated but not be eliminated with respect to application at pay telephones; and (c) retained in their present form with respect to correctional facilities' services (absent a showing by the inmate providers of a need for rate updating).

3. Based upon FPTA's review of the current regulatory environment across the nation, we note that twenty-two (almost half) of the state jurisdictions have no rate cap regulations in place for operator services at this time. These numbers make 'deregulation' in this area a viable 'starting point' option for consideration by the Commission. Notwithstanding, for the reasons stated at the Workshop and reiterated herein, FPTA believes that retention of the rate caps still makes sense and serves a public good.
4. In reviewing rates across the various state jurisdictions and in the federal tariffs, we have observed what appears to be a 'growing consensus' or "de facto" rate cap for operator services rates emerging in the form of the AT&T prevailing rates. This AT&T 'consensus' rate structure, in place at the federal level and in numerous states, is, in simplified terms: \$1.15/mou; up to \$6.99 carrier surcharge (automated) & up to \$12.50 carrier surcharge for person to person (live operator) handled calls.

5. This would appear to be a reasonable 'market proxy' for what a current operator services rate cap should look like in Florida. With that said, FPTA recognizes that a move from the current rate cap level to this new prevailing rate cap target level would entail a significant increase and potential 'rate shock' to consumers. Accordingly, FPTA would suggest that the Staff and the parties consider a two-year "phase-in" approach to reach parity with a reasonable and prevailing rate level benchmark for these calls.
6. As part of updating the operator services rates for the payphone sector, FPTA would also urge the Staff and the Commission to reinstitute, on an immediate and urgent basis, the payphone "set use fee" rate element as a part of the Commission's newly updated rate structure. The set use fee was originally put in place at a level of \$1.00 in Florida's rate cap regime for these services, and a number of states have this exact rate element in place today within their respective rate cap structures.
7. As FPTA has made the Commission aware in its Lifeline/Link-up proceedings, the payphone industry continues to serve a valuable role for the citizens of (and visitors to) our State, but this sector is now experiencing a significant challenge in keeping payphones deployed and in a growing number of cases even remaining in business. Although the number of operator services calls at payphones has dropped dramatically over recent years, reinstatement of the \$1.00 payphone set use fee designated for receipt by the payphone owners would be a real and direct help to maintaining viability for Florida's payphone base going forward. FPTA

implores the Staff and the Commission to re-institute such a rate element as part of the revisions undertaken in this rulemaking proceeding.

8. By way of a specific proposal for the rate caps under consideration in this Docket, FPTA offers the following:

a. Payphone & Hospitality—retain the rate caps based upon recent industry experience with excessive charging in other jurisdictions where rate caps have been removed. Update the rate caps to reasonable levels, as follows:

i. January 1, 2007: up to \$0.60/mou; up to a \$3.99 carrier surcharge/automated operator; up to a \$5.99 carrier surcharge/live operator; (plus a \$1.00 set use fee for payphones).

ii. January 1, 2008: up to \$0.99/mou; up to a \$4.99 carrier surcharge/automated operator; up to a \$7.99 carrier surcharge/live operator; (plus a \$1.00 set use fee for payphones).

b. Inmate—Retain the current rate caps based upon recognition that there is no choice of carriers provided on these calls. Consider any rate adjustments that may be presented by the inmate providers based upon adequate cost and other justification.

Respectfully submitted this 15th day of September, 2006.

FLORIDA PUBLIC TELECOMMUNICATIONS ASSOCIATION, INC.

/S/
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