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Douglas C. Nelson
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2007 MAY 31 AM 9 48

DIVISION OF
COMPETITIVE SERVICES

ORIGINAL

May 25, 2007

Beth Salak, Director
Division of Competitive Markets and Enforcement
Florida Public Service Commission
Capital Circle Office Center
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

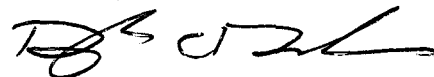
**Re: Docket No. 060476-TL: Petition by BellSouth Telecommunications, Inc. to
Initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida
Administrative Code**

Dear Ms. Salak:

By this letter, ASC Telecom, Inc. (TI459) responds to your May 11, 2007 data request in the above-captioned docket. ASC Telecom, Inc. no longer operates in Florida and has requested cancellation of its certificate, IXC Certificate No. 4398 (see attached letter dated May 22, 2007).

Please contact me if you have questions or would like further information.

Sincerely,



Douglas C. Nelson

Attachment

cc: Laura King
David Dowds

DOCUMENT NUMBER-DATE

05012 JUN 22 5

FPSC-COMMISSION CLERK

State of Florida



ORIGINAL

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-

DATE: June 22, 2007
TO: Ann Cole, Commission Clerk - PSC, Office of Commission Clerk
FROM: Laura V. King, Public Utilities Supervisor, Division of Competitive Markets & Enforcement *LVK*
RE: Responses to Staff's May 11, 2007 Data Request to be Filed in Docket 060476-TL

The companies listed below responded to staff's May 11, 2007 data request. The responses were sent directly to staff and not filed in the docket file. As such, I am providing your office copies and ask that they be filed in Docket No. 060476-TL. If you have any questions, please call me.

- ASC Telecom, Inc.
- BellSouth Telecommunications, Inc. d/b/a AT&T Florida
- Custom Teleconnect, Inc.
- Evercom Systems, Inc.
- Florida Public Telecommunications Association, Inc.
- Network Operator Services, Inc.
- Network Communications International Corp.
- Qwest Communications Corporation
- Worldwide Telecommunications Inc. d/b/a/ WTI Telecom Inc.

DOCUMENT NUMBER-DATE

05012 JUN 22 8

FPSC-COMMISSION CLERK

Manuel A. Gurdian
Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Room 400
Tallahassee, Florida 32301
(305) 347-5561

June 1, 2007

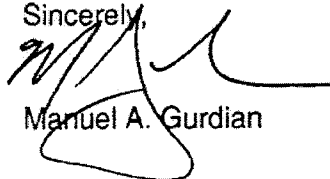
Ms. Beth Salak, Director
Division of Competitive Markets
& Enforcement
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Docket No.: 060476-TL: Petition to Initiate Rulemaking to
amend Rules 25-24.630(1) and 25-24.516(1), F.A.C., by
BellSouth Telecommunications, Inc.**

Dear Ms. Salak:

Enclosed is BellSouth Telecommunications, Inc. d/b/a AT&T Florida's
Response to Staff's Second Data Request.

Sincerely,



Manuel A. Gurdian

cc: Jerry D. Hendrix
E. Earl Edenfield, Jr.
James Meza III

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by BellSouth Telecommunications,) Docket No.: 060476-TL
Inc. to Initiate Rulemaking to Amend Rules)
25-24.630(1) and 25-24.516(1), Florida)
Administrative Code)
_____) June 1, 2007

AT&T FLORIDA'S RESPONSE TO THE STAFF OF THE FLORIDA PUBLIC SERVICE COMMISSION'S SECOND DATA REQUEST

BellSouth Telecommunications, Inc. d/b/a AT&T Florida ("AT&T Florida"), pursuant to Rule 28-106.206, Florida Administrative Code, and Rules 1.340 and 1.280, Florida Rules of Civil Procedure, hereby files the following Response to the Staff of the Florida Public Service Commission's ("Staff") Second Data Request, dated May 11, 2007.

GENERAL OBJECTIONS

1. AT&T FLORIDA objects to the Discovery to the extent it seeks to impose an obligation on AT&T FLORIDA to respond on behalf of subsidiaries, affiliates, or other persons that are not parties to this case on the grounds that such discovery is overly broad, unduly burdensome, oppressive, and not permitted by applicable discovery rules.
2. AT&T FLORIDA objects to the Discovery to the extent it is intended to apply to matters other than those subject to the jurisdiction of the Commission. AT&T FLORIDA objects to such requests as being irrelevant, overly broad, unduly burdensome, and oppressive.
3. AT&T FLORIDA objects to each and every Discovery request and instruction to the extent that such request or instruction calls for information that is

exempt from discovery by virtue of the attorney-client privilege, work product privilege, or other applicable privilege.

4. AT&T FLORIDA objects to each and every Discovery request insofar as the requests are vague, ambiguous, overly broad, imprecise, or utilizes terms that are subject to multiple interpretations but are not properly defined or explained for purposes of these data requests. Any answers provided by AT&T FLORIDA in response to the requests will be provided subject to, and without waiver of, the foregoing objection.

5. AT&T FLORIDA objects to each and every Discovery request insofar as they are not reasonably calculated to lead to the discovery of admissible evidence and are not relevant to the subject matter of this action.

6. AT&T FLORIDA objects to providing information to the extent that such information is already in the public record before the Commission or already in the possession of Staff.

7. AT&T FLORIDA objects to the Discovery requests, instructions and definitions, insofar as they seek to impose obligations on AT&T FLORIDA that exceed the requirements of the Florida Rules of Civil Procedure or Florida law.

8. AT&T FLORIDA objects to each and every Discovery request that are unduly burdensome, expensive, oppressive, or excessively time consuming as written.

9. AT&T FLORIDA is a large corporation with employees located in many different locations in Florida and in other states. In the course of its business, AT&T FLORIDA creates countless documents that are not subject to Commission or FCC retention of records requirements. These documents are kept in numerous locations that are frequently moved from site to site as employees change jobs or as the business is

reorganized. Therefore, it is possible that not every document has been identified in response to these requests. AT&T FLORIDA will conduct a search of those files that are reasonably expected to contain the requested information. To the extent that the requests purport to require more, AT&T FLORIDA objects on the grounds that compliance would impose an undue burden or expense.

10. AT&T FLORIDA objects to each and every Discovery request to the extent that the information requested constitutes "trade secrets" pursuant to Florida Statutes. To the extent that Staff requests proprietary confidential business information, AT&T FLORIDA will make such information available upon execution and in accordance with a protective agreement, subject to any other general or specific objections contained herein.

11. AT&T FLORIDA objects to any Discovery request that seeks to obtain "all" of particular documents, items, or information to the extent that such requests are overly broad and unduly burdensome. Any answers provided by AT&T FLORIDA in response to this discovery will be provided subject to, and without waiver of, the foregoing objection.

Specific Responses

REQUEST: In its post-workshop comments filed on September 15, 2006, in Docket No. 060476-TL, BellSouth (now known as AT&T Florida), stated that it (with the exception of inmate facilities) "...is no longer in the public interest for the Commission to require local exchange companies and intrastate interexchange companies to comply with Florida Statutes § 364.3376 because operator services is a competitive market."

- a. Please explain how the "public interest" would be served by eliminating this requirement.
- b. If the provision of operator services is competitive, is it reasonable to expect rates for these services to decrease? Please explain your response.

RESPONSE:

a. The "public interest" is served by the elimination of the requirement requiring local exchange companies and intrastate interexchange companies to comply with the maximum rate caps established by the Commission because operator services is a competitive market. The "public interest" is served when competitors compete. There are numerous competitive alternatives for a consumer to choose from when deciding to make an operator assisted call. Some of these competitive alternatives include dial around services such as 1-800-COLLECT, prepaid calling cards, wireless services¹, prepaid cell phones, Voice over Internet Protocol ("VoIP") services, interactive paging and instant messaging.

In addition, the Commission has recognized that operator services are "some of the most competitive" of services. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL to consolidate number of non-basic service categories By Verizon Florida Inc.*, Docket No. 050294-TL, Order No. PSC-050602-PAA-TL at p. 3 (Issued June 1, 2005). The Commission has also stated that operator services "face competitive pressures" and that there are a "plethora of alternatives" in the marketplace. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL and request to establish modified*

¹ In Florida, wireless subscribership is higher than the number of local exchange wireline access lines. See the Commission's *Report on the Status of Competition in the Telecommunications Industry*, p. 40 (May 31, 2006).

price regulation categories by BellSouth Telecommunications, Inc., Docket No. 041213-TL, Order No. PSC-05-0184-PAA-TL at p. 3 (Issued February 17, 2005).

Similarly, the Federal Communications Commission has also recognized that operator services is competitive. *See In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC RCD 3696 (1999). See also, In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket Nos. 01-338; 96-98 and 98-147, 18 FCC Rcd 16978, (2003).*

b. It is reasonable to assume that the prices for operator services may increase or decrease depending on competitive market conditions. It is unknown, however, whether prices for all operator services will decrease because, in some cases, fair market prices for premium services may be higher than the current caps. Competitors vie for customers not only based on price, but also based on services and features that differentiate their products. Developing better features and services requires research and development, the cost of which is included in market pricing for premium products. The "one-price fits all" approach that rate caps impose impedes competition between providers and hinders product development.

REQUEST: Is it AT&T Florida's position that the rate caps should only be eliminated or changed for operator services provided by local exchange companies and intrastate interexchange companies, and certain calls made in a call aggregator context? If so, do you believe the current rate caps are appropriate in all other scenarios?

RESPONSE: No. AT&T Florida believes that the Commission should amend the current limitation set forth in the Rules for all providers and set the allowable level of charges to a level that the competitive market will bear or, in the alternative, eliminate the limitations entirely.

If the Commission finds that a cap on operator services price is appropriate, this cap should only apply to operator services provided with payphone service to inmates.

REQUEST: If the rate caps were eliminated, what rates would you charge for operator services?

RESPONSE: AT&T Florida has not developed target prices for operator services. The communications industry has experienced many technological, regulatory and structural changes such as the entrance of competitors and increased wireless usage. In recognition of these events, the Commission should design policies that keep pace with the changes underway in the communications industry by eliminating the rate caps and, thus, allowing the competitive market to determine the price for operator services. However, in reviewing prices in federal tariffs and in other state jurisdictions, the range of prices for an operator assisted non-person and person call is between \$6.50 and \$10.00.

In Florida, AT&T Florida is subject to price regulation by Florida Statutes § 364.051. Therefore, if the rate caps in the FPSC Rules are lifted, operator services would still be capped by the revenue amount in the nonbasic basket.

REQUEST: If the Commission believes the rate caps should be increased and not eliminated, how should those rate caps be developed?

RESPONSE: Operator services have been deregulated in the interstate arena and in many state jurisdictions. AT&T Florida believes that the Commission should eliminate the caps completely and allow the competitive market to determine appropriate prices. However, should the Commission determine that raising the cap is more appropriate; the Commission could conduct an industry study of the operator services market prices where deregulation exists and develop average prices based on the data gathered.

If a cap is deemed appropriate, the Commission should consider only a cap on the operator services' prices associated with payphone service to inmates.

REQUEST: Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.

RESPONSE: No.² Under the provisions of Chapter 364, the Legislature has not granted the Commission the statutory authority to set rates based upon the costs to provide a nonbasic service, such as operator services. Pursuant to Section 364.051, Florida Statutes, incumbent local exchange companies ("ILEC") have been able to elect price regulation since January 1, 1996. Once an ILEC has chosen price regulation it is exempt from rate base, rate of return regulation. See Florida Statutes § 364.051(1)(c). Subsection 364.051(5)(a), Florida Statutes, limits price increases for any non-basic category to 6% or 20% within a 12-month period, depending on whether or not there is another carrier providing local telecommunications service in a given exchange. In order to implement this statutory provision, the Commission established non-basic service categories.³

² Pursuant to Florida Statutes § 364.3376(3), the Commission has the authority to set establish maximum rates and charges for operator services; however, AT&T Florida submits that this authority does not encompass the ability to set rates based upon the cost to provide this nonbasic service.

³ AT&T Florida's current non-basic categories were established by the Commission's Order in *In re: Petition for waiver of Order PSC-96-0012-FOF-TL and request to establish modified price regulation categories by BellSouth Telecommunications, Inc.*, Docket No. 041213-TL, Order No. PSC-05-0184-PAA-TL (Issued February 17, 2005). Operator services is part of the "Other Optional" category.

RESPONSE: (Cont.)

In addition, the rapid rate of change in telecommunications industry and the development of widespread competition among wireless carriers, VoIP providers, cable companies and traditional telecommunications providers eliminates the need for any cost based pricing regulation. The price should at a minimum cover the costs of the service, but the market should be allowed to determine the price for the service. If AT&T Florida were to raise its rates above a market price, customers are able to easily switch to another provider or use their cellular phone.

REQUEST: If the Commission believes rates must be based on costs, should all parties be required to prepare/present cost studies? Should all studies be prepared/presented in the same way?

RESPONSE: No. Cost based pricing is simply not appropriate in the competitive communications market. There is robust competition and numerous substitutes and competitive alternatives for consumers in the operator services market which will constrain prices.

AT&T Florida's Operator Services are part of a nonbasic basket subject to price regulation by Florida Statutes § 364.051. The prices for these services should be allowed to be determined in the same manner as all other AT&T Florida nonbasic services. *See also*, AT&T Florida's response to Staff's 2nd Data Request, Item No. 5.

REQUEST: If the cost to provide any operator service is determined to be less than the current rate caps, should those rates be reduced?

RESPONSE: No. As previously stated, cost based pricing is not appropriate in competitive markets. Cost studies should only be used to determine price floors. The marketplace will determine prices and constrain the behavior of its participants. As margins improve competitors will strive harder to provide better service quality and service options to maintain their current customers. Price caps deter innovation and the introduction of premium and new products and services as companies deploy capital to areas where prices are not regulated.

See also, AT&T Florida's response to Staff's 2nd Data Request, Item No. 5.

REQUEST: In your post-workshop comments, you have stated that the provision of operator services "...is a competitive market." By this do you mean that there are multiple providers from which payphone providers and call aggregators can obtain operator services?

RESPONSE: Yes. There are many companies who compete to provide wholesale operator services to payphone providers and call aggregators. Moreover, there are no substantive barriers to entry into the operator services market in the State of Florida. Every wireless provider, local exchange carrier, competitive local exchange carrier, and interexchange carrier in the State of Florida is either providing operator services or is technically capable and could easily provide operator services. A list of competitive providers who are providing or are technically capable of providing operator services is attached hereto as Exhibit "A".

In addition, the Commission has recognized that operator services are "some of the most competitive" of services. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL to consolidate number of non-basic service categories By Verizon Florida Inc.*, Docket No. 050294-TL, Order No. PSC-050602-PAA-TL at p. 3 (Issued June 1, 2005). The Commission has also stated that operator services "face competitive pressures" and that there are a "plethora of alternatives" in the marketplace. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL and request to establish modified price regulation categories by BellSouth Telecommunications, Inc.*, Docket No. 041213-TL, Order No. PSC-05-0184-PAA-TL at p. 3 (Issued February 17, 2005).

Similarly, the Federal Communications Commission has also recognized that that operator services is competitive. *See In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and Order and Fourth Further Notice of Proposed Rulemaking*, 15 FCC RCD 3696 (1999). *See also, In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket Nos. 01-338; 96-98 and 98-147*, 18 FCC Red 16978, (2003).

REQUEST: From the viewpoint of a consumer placing an operator-assisted call at a payphone or in the call aggregator context, do you believe the consumer has a competitive alternative? Please explain your response.

RESPONSE: Yes. There are multiple service providers and numerous substitutes and alternatives that do away with the need for an operator to place a call such as dial around services, prepaid calling cards, VoIP, wireless carriers, interactive paging and instant messaging, and internet mail. AT&T Florida's experience demonstrates that consumers have found these competitive alternatives and are using them.

REQUEST: Please provide any additional comments you believe would assist the FPSC in determining if the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be changed or eliminated.

RESPONSE: AT&T Florida believes that it is no longer in the public interest for the operator services market to have rate caps because there are numerous competitive alternatives for a consumer to choose from when deciding to make an operator assisted call. Moreover, should the caps be removed, because Operator Services is a non-basic service, Florida Statutes § 364.051(5)(a), would limit price increases by price-regulated local exchange companies for any non-basic category to 6% or 20% within a 12-month period, depending on whether or not there is another carrier providing local telecommunications service in a given exchange.

In support of its position, AT&T Florida respectfully submits that the Commission recognizes that operator services are "some of the most competitive" of services. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL to consolidate number of non-basic service categories By Verizon Florida Inc.*, Docket No. 050294-TL, Order No. PSC-050602-PAA-TL at p. 3 (Issued June 1, 2005)("We also find that Verizon's request to combine Toll Services, Operator Services, and Transport Services is logical since these types of services are recognized as being some of the most competitive."). The Commission has also stated that operator services "face competitive pressures" and that there are a "plethora of alternatives" in the marketplace. *In re: Petition for waiver of Order PSC-96-0012-FOF-TL and request to establish modified price regulation categories by BellSouth Telecommunications, Inc.*, Docket No. 041213-TL, Order No. PSC-05-0184-PAA-TL at p. 3 (Issued February 17, 2005)("These listing services do not face competitive pressures like those found with toll, operator, and transport services, where there are a plethora of alternatives.").

In addition to the Commission recognizing that the operator services market is competitive, the Federal Communications Commission ("FCC") has also recognized that operator services is competitive. *See In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, Third Report and*

Order and Fourth Further Notice of Proposed Rulemaking, 15 FCC RCD 3696 (1999) ("UNE Remand Order"). "The record provides significant evidence of a wholesale market in the provision of OS/DA services and opportunities for self-provisioning OS/DA services." *See id.* at ¶ 441. "The record demonstrates that a variety of alternative providers of OS/DA offer services at comparable cost and quality to those of the incumbents." *See id.* at ¶ 446. "Competition in the provision of operator services and directory assistance has existed since divestiture." *See id.* at ¶ 447. "It appears that this increasing availability of competitive OS/DA providers coincides with a decrease in incumbent LEC OS/DA call volumes. Evidence in the record indicates that call volumes to incumbent OS/DA services have declined steadily over the past few years." *See id.* at ¶ 449. "There are a substantial number of regional and national alternative providers of OS/DA service that are serving a variety of customers, including some incumbent LECs and IXC. . . we find that these alternative sources of OS/DA service are available as a practical, economic and operational matter." *See id.* at ¶ 464. In 2003, the FCC again recognized that the operator services market is competitive. *See In the Matter of Review of Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers; Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket Nos. 01-338; 96-98 and 98-147, 18 FCC Rcd 16978, (2003). "We also reject the arguments of some parties that we should require incumbent LECs to provide unbundled access to Operator Services and Directory Assistance (OS/DA), contrary to the Commission's finding that there was no impairment in the *UNE Remand Order*." *See id.* at ¶ 560. "Moreover, we deny the Petition for Reconsideration . . . arguing that the Commission should reconsider its prior decision to remove OS/DA from the UNE list." *Id.* "As the Commission concluded in the *UNE Remand Order*, there are multiple alternative providers of OS/DA that are available to competitive carriers and offer a level of quality similar to that of the incumbent LECs' services." *Id.*

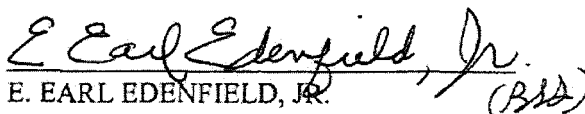
Accordingly, based upon the foregoing, AT&T Florida respectfully submits, that in the current competitive environment, it is in the public interest for the Commission to amend the current limitation set forth in the Rules for all providers and set the allowable level of charges to a level that the competitive market will bear or, in the alternative, eliminate the limitations entirely.

Respectfully submitted this 1st day of June, 2007.

AT&T FLORIDA



JAMES MEZA III⁴
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679282

⁴ The undersigned is licensed in Louisiana only, is certified by the Florida Bar as Authorized House Counsel (No. 464260) per Rule 17 of the Rules Regulating the Florida Bar, and has been granted qualified representative status by the Commission in Order No. PSC-07-0211-FOF-OT.

Exhibit "A"

INTEREXCHANGE CARRIERS

ALLTEL COMMUNICATIONS INC	ICI (INTERMEDIA COMMUNIC. INC.)	EDGE CONNECTIONS, INC.
ATLANTIC.NET BROADBAND	IDT CORPORATION	PACIFIC BELL LONG DISTANCE
PAC-WEST TELECOMM, INC. DBA AMERICALL	IDS LONG DISTANCE INC.	SATNET
AMERICAN TELESIS	INTEGRETEL INC.	ST.JOE COMMUNICATIONS INC.
AT&T COMMUNICATIONS	INTERACTIVE MEDIA TECHNOLOGIES	INTELLITEC (DBA STS)
AT&T WIRELESS SVCS INC	INDEP. TELECOMM. NTWK	SHARED USE NETWORK
MEDIA ONE	CONSOLIDATED NETWORK, INC.	SOUTH CAROLINA NET INC.
COMMNET WIRELESS	INTERNATIONAL SERVICES NTWK	ATS LONG DIST. NETWORK SYSTEMS
COMCAST PHONE	KMC TELECOM INC.	SMART CITY SOLUTIONS
BELLSOUTH LONG DISTANCE	KMC TELECOM V, INC.	PRIMUS/ TRESCOM
CINGULAR WIRELESS	WORLDCOM	STARTEC
BTI	LITESTREAM TECHNOLOGIES	SUPRA TELECOM
BUSINESS TELECOM SERVICES, INC.	LEVEL 3 COMMUNICATIONS	TNS
NORTH AMERICAN TELECOMMUNICATIONS CORP.	GRANDE COMMUNICATIONS NTWKS.	CABLE & WIRELESS MGT
MIDCOM COMMUNICATIONS	MULTIPHONELATIN AMERICA	CHARLOTTE AXS
KNOLOGY (CYBERNET HOLDING CO.)	MOMENTUM BUSINESS SOLUTIONS, INC.	TRICOM USA, INC
COX FIBERNET	METROPCS FLORIDA, INC	TALK AMERICA (TALK.COM, INC.)
WORLD X CHANGE	ANEX BROADBAND, INC.	US LEC OF NORTH CAROLINA LLC
DAYTONA TELEPHONE CO.	NEW EDGE NETWORKS	BROADWING COMMUNICATIONS
DIAL-AROUND TELECOM, INC.	NATIONAL TELECOM AND BROADBAND SERVICES,	ALLEGIANCE TELECOM
BALDWIN COUNTY INTERNET/ DSSI SERVICE	NETWORK TELEPHONE CORP.	SFRINT
DSL INTERNET	NOS COMMUNICATIONS	UNIVERSAL ACCESS
ITC^DELTA COM	NEWSOUTH COMMUNICATIONS	VOLO COMM OF FL INC
TELEGLOBE AMERICA INC, (PREV TELEGLOBE U	MPOWER	SAVIS
TRINISIC COMMUNICATIONS, INC.	NEXTEL COMMUNICATIONS	CLEAR CHOICE COMMUNICATIONS
TELAPEX LONG DISTANCE	IFCLEARINGBOARD, INC.	VERIZON WIRELESS
FLORIDA CONSOLIDATED MULTI MEDIA	ECONOTEL CORPORATION	WILTEL COMMUNICATIONS
FLORIDA DIGITAL NETWORK	ONE CALL COMMUNICATIONS	AERIAL COMMUNICATIONS, INC.
FPL FIBERNET, LLC	COMMPARTNERS, LLC	WESTINGHOUSE ELECTRIC
US CARRIER TELECOM, LLC	ORLANDO TELEPHONE COMPANY	MCI TELECOM CORP
GULF LONG DISTANCE	CO STREET	ESPIRE
GLOBAL NAPS	SOUTHERN LIGHT, LLC	YMAX COMMUNICATIONS CORP
VERIZON	COVAD COMMUNICATIONS	NEXTEL/ DIAL CALL INC.
VCERA COMMUNICATIONS	NEUTRAL TANDEM-HLL, LLC	BELLSOUTH.NET
GRUCOM	EAST FL COMM. INC.	SITA
HARBOR COMMUNICATIONS	PAETEC COMMUNICATIONS	PRIMECO PCS
HOME TOWN TELEPHONE	PROGRESS TELECOM	
TELCOVE, INC.	GLOBAL CROSSING	

The above list is current as of August 2006.

WIRELESS/ PCS PROVIDERS

ALLSAFE PAGING

ALLTEL

ARCH

BAKERS ELECTRONICS

CAP TESTING

CELLULAR HOLDING

CELM SER

CINGULAR WIRELESS/ AT&T

CITY BEEPERS

COMMNET WIRELESS

COMPUTER INNERWORKS INC

DAVE'S COMMUNICATNS

DELTA COM

ESCAMBIA CTY SHERIFF

GABRIEL WIRELESS INC

GOLD COAST WIRELESS

KELLI PAGING

METRO PCS

METROCALL, INC

NETWORK SERVICES

PAGEMART INC

PANHANDLE BEEPER

PORTAPHONE INC

PRIORITY COMM

PRIORITY PAGING

R&G DISTRIBUTORS INC

SKYTEL

SOUTHERN CO SVC

T-MOBILE

TRACI COMMUNICATIONS

VALUE PAGE

VERIZON WIRELESS

XYPOINT CORPORATION

The above list is current as of August 2006.

COMPETITIVE LOCAL EXCHANGE PROVIDERS

DIALTONE TELECOM	INTELLITEC	NU*STAR COMMUNICATNS	SYMTELCO
DIGITAL EXPRESS	INTERACTIVE SERVICES NETWORK	NUVOX COMMUNICATIONS	SYNCOM COMM
DIRECT TV	INTRADO FOR MIAMI	OMEGA ONE TELECOM	T-MOBILE
DOUBLE LINK	ISP OTHER	ONE POINT COMMUNICATIONS	TALAHASSEE TELEPHONE
DSLNET COMMUNICATIONS LLC	J L W TECHNICAL COMM INC	ORLANDO TELEPHONE COMPANY	TALK FOR LESS
E Z PHONE INC	JACKSN MEMORIAL HOSP	PAETEC COMMUNICATIONS	TALK.COM, INC
EASY TELEPHONE SERVICE CO	KING TEL	PAGEMART INC	TEL OPER SYS INC
ECONOMIC TELECOM	KMC TELECOM INC.	PENN BOYS LEGEND	TELCOVE
EQUANT - SITA	KNOLOGY (CYBERNET HOLDING CO)	PNG TELECOM	TELEPAC
ERNEST COMMUNICATIONS	KNOXVILLE PAYPHONE	PONCE'S BY THE SEA	TELEPHONE ONE INC
ETS PAYPHONES INC	LECSTAR TELECOM	PREFERRED CARRIER SERVICES	TENNESSEE TELEPHONE
EVERCOM SYS INC	LEVEL 3 COMMUNICATIONS	PREMIER TELECOM	THC MERGER
EVERYCALL	LIGHTYEAR COMM	QUALITY TELEPHONE	THE SUNSHINE STATE
EXCEL HOME PHONE	LOCAL LINE AMERICA	QWEST COMMUNICATIONS CORP	TIME WARNER
EXCELINK COMM INC	M E T COMMUNICATIONS	RALPH S NEWBY	TITLE PAWN
EXPEDIENT CARRIER SERVICES	M G OIL COMPANY KEY	RAMON G CASTILLO	TOM HOPPER
EXPRESS PHONE SVC	MAGIC DRAGON FARMS	RE-CONNECTION	TRANS FLORIDA
FAST WASH	MAJOR COMMUNICATIONS	RECONEX	TRANS NATIONAL
FLATEL INC	MARK WEBB	RETEL COMMUNICATIONS	TREASURE COAST
FLORIDA DIGITAL NETWORK	MCI	RIGHTLINK USA	TRINITY HOLDINGS LTD
FLORIDA PHONE SERVICE	METRO PCS	RING CONNECTION	TRISTAR COMMUNICATIONS CORP
FLORIDA TELEPHONE	METRO TELECONNECT	RINGSOUTH	TRUSTEE CORP
FONIX TELECOM	METROCALL, INC	RONALD E LARUSSO	U S A TELECOM
FPL FIBERNET	METROPOLITAN	ROSANN MULLER	U S A TELEPHONE INC
GANOCO INC	MIAMI GAS STA INC	SAIL NETWORKS	U S CELLULAR CORP
GENUITY	MIGUEL HADDAD, MIGUEL HADDAD F	SALUDA NETWORKS	U S LEC
GEORGIA TELEPHONE	MOMENTUM TELECOM	SAMUEL R SCHONWETTER	UNICOM
GLOBAL CONNECTION INC	MOVIE TELEVISION	SANDHILLS TELCOMM	UNIVERSAL BEEPERS
GLOBAL CROSSING	MX.COM	SERM EXPRESS	UNIVERSAL TELECOM INC
GLOBAL DIALTONE	MY-TEL INC	SKY SHELL INC	UTILITIES COMMISSION
GLOBAL TEL COIN	MYATEL	SMART CITY SOLUTIONS	UTILITY USA
GRACIA INZERILLO	NATIONAL TELCOM & BROADBAND S	SNC COMMUNICATIONS	V TEL
GRANITE TELECOM	NATIONSLINE	SOURCE ONE COMM INC	VARTEC TELECOM
GRUCOM	NAVIGATOR TELECOMM	SOUTHEAST PY TEL INC	VERIZON
GTC TELCOM	NETWORK PTS	SOUTHERN TELCOM NETWORK	VERSATEL INC
GULF PAYPHN ENT	NETWORK TELEPHONE	SPEEDY RECONNECT INC	VERTEX COMMUNICATIONS
H T R & L	NEW EDGE NETWORKS	SPRINT / NEXTEL	VILAIRE
HARBOR	NEXUS COMMUNICATIONS	SPRINT PYPHN SVC INC	VISA USA INC.
HASAN AKHTAR	NORCOM	STATE DISCOUNT	VYCERA
HOMART CORP	NORTH AMERICAN TELECOM GROUP	STS TELECOM	WORLDTEL CORP
HUGHES TELEVISION	NORTH*POINT COMMUNICATIONS	STUART MARMOR	XPHONE
I T C	NOS COMMUNICATIONS	SUN COAST COMM	XO COMMUNICATIONS
ICG TELECOM	NOW COMMUNICATIONS	SUN-TEL USA INC	XSPEDIUS CORP

The above list is current as of August 2006.

State of Florida
Public Service Commission

Docket No. 060476-TL: Petition by BellSouth Telecommunications, Inc. to Initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code

Response of Custom Teleconnect, Inc.

to Staff Data Requests issued May 11, 2007

1. Do you believe the Florida Public Service Commission (FPSC) can eliminate the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, taking into consideration Chapter 364.3376(3), Florida Statutes? Please explain your response.

Response: CTI's reading of the Florida Statutes indicates that the Commission shall set maximum rates for operator services and that carriers providing such services should file tariffs with the commission. Unlike many other states, it appears that rate caps are required by statute in Florida. CTI does not believe that the elimination of rate caps in the state is necessarily the answer. CTI believes that the rates should be increased to allow for fair compensation on each and every call, as described in Section 276 of the Telecommunications Act.

2. If you believe the FPSC can eliminate the rate caps, should they be eliminated in total, or should they remain in place with respect to inmate payphone services? Please explain your response.

Response: Again, CTI does not desire to have rate caps eliminated. We believe the caps are in dire need of an update, but that the total elimination of rate caps would do more harm than good.

3. If the rate caps were eliminated, what rates would you charge for operator services?

Response: If the rates caps were totally eliminated, we would offer AT&T interstate tariffed rates as a benchmark to be used as we do in the many other states currently without rate caps. Our concern would be that without a cap, rate abuse by a few bad apples would harm consumers and 'foul the well' for all providers in the state

4. Do you believe the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be increased?

- a. If so, please explain why.

Response: Yes, CTI believes there should be a mechanism in place to increase maximum rates (rate caps) periodically. The rates currently incorporated into the rules have not been increased in years, yet the cost of providing service, including billing costs have increased each year over this same period. Below is an example of how many different cost elements are involved in an operator assisted collect call (each of which vary widely based on different LEC charges and individual carrier costs):

1. Transmission cost to OSP's switch.
2. Validation of the bill number (BTN).
3. For certain call types, cost of live operator intervention.
4. Termination costs to destination number.
5. Operating expenses of processing call detail records (CDR) to the billing company.
6. Charges from the billing company to process the calls to the individual LECs in the

state.

7. Billing costs from the LEC to put the charges on the consumer's bill. The following

are examples of LEC charges in Florida for this service:

<u>LEC</u>	<u>Standard</u>	<u>Inmate</u>
<u>Bell South</u>		
Southern Bell	\$0.6523	\$1.1782
S. Central Bell	\$0.6102	\$1.1782
Verizon West	\$0.6028	\$1.20
Embarq FL (Sprint)	\$0.3532	\$0.3900
Windstream (Alltel)	\$0.3371	\$0.7950
Solex (NECA)	\$0.5625	\$0.5500
Verisign	\$0.6525	\$0.6400

8. Cost of handling billing disputes, customers denying all knowledge of the call, adjustments and LEC write offs along with standard bad debt associated with the consumer simply not paying their bill or having their service disconnected.

b. What rates would you recommend?

Response: We recommend AT&T interstate tariffed rates as the cap plus a \$1.00 set use fee.

c. What is the basis for your recommended rates?

Response: CTI believes that AT&T, as the long standing dominant carrier in the industry, has done an excellent job of striking the balance between what needs to be charged by an operator service provider in order to receive fair compensation for each and every call and what is an equitable value to the consumer for the service provided. Based on CTI's 15 years of daily contact with consumers across the country, we strongly believe that the consumer perceives AT&T benchmark interstate rates to be the industry's fair market value.

5. If the FPSC believes the rate caps should be increased, how should these rates be developed?

Response: Please refer to # 4c above. In addition, there should be a mechanism put in place to allow for the automatic escalation of rates periodically. Possibly by means of an annual review of AT&T's most current rate increases.

Response of Custom Teleconnect, Inc.
to Staff Data Requests issued May 11, 2007

6. Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.

Response: Retail rates for service in general in the telecommunications industry is not cost based, and should not be cost-based in a competitive environment. There are significant alternatives to operator assisted services from aggregator locations including prepaid cards, now widely used in the United States, cell phones, mobile internet phones, and dial-around services. Given the competitive alternatives, rates should not be cost-based but based on fair compensation for each and every call as discussed in Section 276 of the Telecommunications Act.

7. If the FPSC requires cost data be submitted in order to determine the appropriate rates, should all parties be required to prepare/present cost data? If so, should the FPSC require that data be presented/prepared the same way for each company?

Response: CTI believes that providing cost data is burdensome, unnecessarily time consuming and could lead to different rates by carrier, rather than the statutorily mandated rate cap issued by the FPSC. As outlined in 4a above, there are many cost elements involved in the processing of an operator assisted call. Many of which are determined by the OCN, Lata or LEC involved in the call. Example: The cost of a call from Tampa to Miami would price out quite differently than the same call from Miami to Tampa; due to the OCN and LEC's involved in the transmission and billing of the call. To provide this information to the FPSC and keep it updated, would not only be cumbersome for each OSP certified in the state, but also for FPSC staff.

8. If the costs to provide any operator service are determined to be less than the current rate caps, should those rates be reduced?

Response: No. Rates should reflect market forces and not just costs. Fair compensation for each and every call should be the strongest determining factor in rate setting.

9. Without disclosing your revenues, please identify what percentage of your total revenues come from operator service calls.

Response: Custom Teleconnect provides automated and live operator assisted calling services to end users in transient locations, as well as automated operator assisted calling services for use by inmates in correctional facilities. These services comprise 98% of the company's revenues.

10. Please provide any additional comments you believe would assist the FPSC in determining if the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be changed or eliminated.

Response: The Florida rate caps for operator services have not been adjusted, even for inflation, in many years. This is an appropriate time to revisit and update the caps. Thank you for allowing CTI to comment on this very important issue. We know how very important this decision will be for every PSP operating in the state, as well as for every OSP.



2007 MAY 32 AM 9:58
DIVISION OF
COMPETITIVE SERVICES

May 31, 2007

Ms. Beth Salak, Director
Florida Public Service Commission
Division of Competitive Markets & Enforcement
2540 Shumard Oak Blvd
Tallahassee, FL 32399-850

Re: Docket No. 060476-TL: Petition by BellSouth Telecommunications, Inc. to Initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code

Ms. Salak:

Please find attached the responses of Evercom Systems, Inc (Evercom) to the Florida PSC's data requests in the above referenced docket. Evercom is an inmate telephone system provider in Florida and also provides inmate telephone service in 46 other states. As such, calls handled by Evercom from correctional institutions are coinless payphone automated operator assisted calls requiring called party acceptance. The overwhelming majority of calls from detainees in correctional institutions are placed on a "collect" call basis.

The attached responses were not prepared by an attorney and do not purport to provide a legal analysis or legal opinion.

Should you have any questions, please feel free to contact me at 972-277-0319.

Sincerely,

Curtis L. Hopfinger
Director - Regulatory and Government Affairs

Attachment

2007 JUN -1 AM 10:09
DIVISION OF
COMPETITIVE SERVICES

**Responses of Evercom Systems, Inc. (Evercom) to
Florida Staff Data Requests, Docket No. 060476-TL.**

2) If you believe the FPSC can eliminate the rate caps, should they be eliminated in total, or should they remain in place with respect to inmate payphone providers? Please explain your response.

Answer: The rate caps should be eliminated totally. There is no reasonable rationale to discriminate against inmate telephone service providers. It is clear that inmate service providers are subject to greater costs and a more highly competitive market than standard payphone operator service providers. Standard public payphones have no requirements to provide all the safety and security features, i.e. call monitoring, custom calling feature detection, allowed call number lists, positive acceptance on all calls, inmate identification numbers, etc, that are requirements at virtually all inmate payphone locations. Plainly, the costs to provide inmate telephone systems are greater than standard payphones. One need only look at the recent Florida Department of Corrections (FL DOC) inmate telephone service bid to see the extremely competitive nature of the inmate telephone service industry. There were six major companies bidding for the FL DOC business and the winning bid has rates that are a fraction of the current rate caps. These low rates are the result of the fierce competition in the inmate telephone service industry, not rate cap regulation.

**Responses of Evercom Systems, Inc. (Evercom) to
Florida Staff Data Requests, Docket No. 060476-TL.**

4) Do you believe the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be increased?

- a) If so, please explain why.
- b) What rates would you recommend?
- c) What is the basis for your recommended rate?

Answer: The rate caps should be eliminated. However, if the FL PSC does not eliminate the rate caps, the rate caps should be increased.

- a) All operator services and payphone services are competitive services. The market should set the price, not rate caps. Rate cap elimination is best for the industry. Raising the rate caps would allow greater flexibility in the market and remove existing barriers that may prevent appropriate cost recovery.
- b) Evercom would support the rates proposed by Qwest Communications Corporation (QCC) in their initial comments filed in this docket on September 15, 2006. Those rates being: \$6.50 surcharge and \$.90 per minute.
- c) Evercom concurs with QCC's statements that the higher rates are needed because, the high overhead, the low call completion rates and the low margins negotiated in the bidding process.

**Responses of Evercom Systems, Inc. (Evercom) to
Florida Staff Data Requests, Docket No. 060476-TL.**

6) Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.

Answer: No. It would not be appropriate to set rate caps based on an average cost. Costs vary greatly, especially in the inmate telephone service industry. Additionally, as demonstrated in the responses above, rates should be set by the market in the current highly competitive environment. Finally, inmate phone service is most often obtained by a Request for Proposal process. The service levels sought by respective government agencies vary significantly. Consequently, the costs of providing service vary on a case by case basis. Pursuing rates based on the cost to provide operator services would likely be burdensome and impractical

**Responses of Evercom Systems, Inc. (Evercom) to
Florida Staff Data Requests, Docket No. 060476-TL.**

10) Please provide any additional comments you believe would assist the FPSC in determining if rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be eliminated?

Answer: Evercom's comments are limited to the inmate telephone service industry. It is clear in the inmate telephone service business, rate caps do not necessarily equate to lower rates. A recent survey prepared by Technologies Management, Inc. (TMI) compared the inmate service rates for a 15 minute local call across 49 states (Alaska excluded) and determined the highest inmate local rates were in Texas; a state with rate caps. However, according to this survey, the lowest local inmate rates were in Virginia, a state with no rate caps. For Evercom there are numerous factors that can influence the costs to provide service and the rates charged at a particular correctional facility. For all inmate service providers, there must be flexibility to meet the varying demands of the correctional institutions we serve. For all the reasons stated above, rate caps should be eliminated and inmate telephone service providers should not be discriminated against by placing burdens on them that do not apply to all other operator service providers.

<FPTA LETTERHEAD>

June 1, 2007

BY E-MAIL/U.S. MAIL

Ms. Beth Salak, Director
Florida Public Service Commission
Division of Competitive Markets & Enforcement
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 060476-TL

Dear Ms. Salak:

Attached, on behalf of the Florida Public Telecommunications Association, Inc. ("FPTA"), are responses to Staff's Data Request of May 11, 2007.

Thank you for the opportunity to provide this input to you and the Staff. Please let us know if there are any further information requirements on which we may be of assistance.

Sincerely,

/s/ *Bruce W. Renard*

Bruce W. Renard, Executive Director

Cc (via E-mail): Ms. Laura King
Mr. David Dowds
Mr. Allan Mezrah
Mr. Guy Strempack

FPTA Responses to Staff's Data Requests of 05-11-07

1. It is appropriate that the Commission look to the relevant provisions of Florida Statutes, including Section 364.3376(3), F.S., to determine the proper scope of its authority to eliminate or increase the rate caps now set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code. With respect to eliminating the rate caps, the referenced Florida Statutes provision, on its face does appear to require that the Commission establish rate ceilings for intrastate operator services. In contrast, there appears to be no provision restricting the Commission's authority to increase the rate caps to more reasonable levels. The Commission also plainly has the latitude to waive or effectively eliminate rate cap requirements for operator services providers who are also intrastate inter-exchange telecommunications services providers. Multiple supportive statutory provisions for this proposition are found in Sections 364.3376 (1) (b), 364.3375(1) (b), 364.337(4) and 364.01, Florida Statutes. In sum, these statutes provide broad latitude for the Commission to waive otherwise applicable Chapter 364 requirements and fashion different regulations for IXCs consistent with the public interest. With that said, it remains FPTA's position and preference that the Commission not eliminate the rate caps and instead simply increase the current rate ceilings to more reasonable levels, consistent with those set forth in FPTA's initial comments as submitted in this docket.
2. An increase in the intrastate rate caps in Florida will provide important public interest benefits from a variety of perspectives. Key among these is facilitating the continued deployment of public pay telephones to serve very 'real world' public interest needs in Florida. Pay telephones provide essential services to the economically disadvantaged and to all citizens in times of emergency. Payphones act as a lifeline in the truest sense of this term for our State's most challenged citizens. Florida's homeless and the poorest among us rely on payphones each and every day for basic communications needs, and often as an essential element of their daily lives. For example, pay telephones provide both coin free access to numerous important social service toll free numbers, and very competitive/low-cost pricing for both local and long distance coin sent-paid calls.

Along with serving those most in need, payphones are out there in the field providing coin free access to 911 Emergency services, every hour of every day, year round. The public interest benefits associated with this functionality may be difficult to quantify but are very real when an actual emergency does arise. Payphones have proven themselves extremely reliable and functional in a variety of national and regional crises, including during the aftermath of the September 11th attacks, the subsequent major northeastern U.S. power blackout, and most recently during the hurricane onslaught experienced here in Florida and elsewhere along the Gulf Coast just a few short years ago.

Unfortunately, despite these proven public interest benefits, payphone providers and their phone bases are disappearing at a rapid pace under tremendous financial pressure from loss of revenues to wireless services. In this difficult environment, every form of revenue has become critical for payphone service survival. Given this circumstance, and the fact that the number of 0+/0- calls placed at payphones has also dropped dramatically over recent years, it is now essential that Florida's intrastate rate caps be updated and significantly increased as one means to try and help maintain basic public payphone viability.

It is also most important that, in addition to applicable state law, the Commission take cognizance of the relevant provisions of Section 276 of the federal Communications Act of 1996 concerning payphone services and the matters here under consideration. Specifically, Section 276 (b) (1) establishes a clear U.S. public policy mandate to promote the widespread deployment of public pay telephone services. Section 276 (b) (1) (A) further sets forth the requirement that payphone providers be "fairly compensated for each and every completed intrastate and interstate call using their payphone" (excepting 911 Emergency and TRS calls). Taken together, and in the context of the current proceeding, these provisions constitute a legal and public policy mandate that any rate caps be set to provide 'fair compensation' for payphone service providers. It would appear that the two primary and practical ways the Commission could fulfill this mandate are to (1) remove the caps and let the marketplace set the rates, or (2) maintain rate caps at sufficient levels to provide 'fair compensation' on all 0+/0- calls for all payphone providers.

FPTA believes that the latter option, number 2, is the one that is most in the public interest, and will result in a more stable service environment for both consumers and the industry. That said, the process of establishing new rate caps cannot and should not be prolonged, costly or complex—if the updates are to be of any real help. FPTA believes that the new rate caps as proposed for a two-year phase in under FPTA's initial comments, or some reasonable variation on this theme, will work best to meet all of these parameters.

3. While operator services competition is very real, the current circumstances have the payphone and operator services industries offering intrastate operator services on calls in Florida pursuant to rate caps that were established a good number of years ago—while the business realities for the public communications sector have changed completely. As a result of the payphone industry downturn (diminished revenues and flat or increased costs) and relentless external pressures on the cost of doing business (with gas prices hitting particularly hard on payphone route operators of late) the present rate caps are artificially low and simply do not generate fair compensation in the current environment. Thus, even though the operator services and payphone businesses are competitive, we would expect to see an initial upwards trending in these rates across the board when the caps are raised—bringing the rates up to more 'reasonable' levels on an industry-wide basis. Once this occurs, then price competition would be expected as has been

experienced with the deregulated local coin rate at payphones (rates are found today ranging from 25-50cents/call, along with differences in time intervals). Also, the wide availability of options for consumers to make their calls using other payphones, prepaid & postpaid cellular; prepaid phone cards; calling cards; and the Internet, will serve as a further long term competitive “check and balance” for the rates here under consideration.

4. To our best recollection, FPTA used the then-applicable AT&T operator services rates as bases for the suggested new rate caps. More specifically, the rates were derived from AT&T’s interstate tariffs and intrastate tariffs found across a variety of jurisdictions. These AT&T rates were then translated into the current rate cap rate structure, as that structure now exists (per minute rate and maximum surcharges for specified call types). To these rates, were added a new and separate rate element designated for exclusive receipt by payphone services providers—similar to the ‘set use fee’ mechanism previously utilized by this Commission. Because payphone providers are entitled to ‘fair compensation’ on these calls under applicable federal law, it would appear appropriate to include such a ‘direct’ rate element in the new rate cap structure presently under review. This rate element will also properly recognize the ongoing cost of providing the payphone equipment, over and above provision of the operator services themselves, while maintaining the coin-free nature of these calls for consumers. (Compare the hospitality setting, where guests pay for use of the hotel’s PBX to originate operator assisted calls as a charge on the hotel bill, in addition to and apart from any other carrier billings for those calls.)
5. Trying to set rates here based purely on costs will be an expensive, complex and time consuming exercise, with adverse consequences for both the public and industry. Instead, the Commission should be aiming to establish a rate cap promptly and effectively that ensures ‘fair compensation’ to payphone providers and operator services providers on the subject calls. This goal is best accomplished by use of a marketplace proxy along the lines proposed by FPTA, which has been vetted with a wide variety of payphone and operator services providers as providing fair but not excessive compensation on the subject calls. To provide fair compensation to each payphone provider, rate caps based on cost would arguably have to vary from company to company—which would result in serious rate confusion for the public and an administrative nightmare for the industry. Also, as a practical matter most payphone providers are very small companies with very limited resources, and widely varying and typically unsophisticated accounting systems or similar resources—and may well not be able to generate useful cost information of the type that would be well suited for this type of exercise. Of even more concern, trying to gather the wide range of payphone service provider cost information, along with a similar variety of operator services provider cost information, putting this all into a comparable and useful format and then trying to make sense of it in a manner that could produce rate caps which provide fair compensation for all, is an extremely daunting and resource intensive task for all concerned. If an acceptable marketplace driven

industry proxy were available to accomplish these same ends, it would seem to make good sense to utilize that type of mechanism given all of the present circumstances and considerations. There is ample evidence of past and present use of such a 'dominant carrier' based rate cap approach in a significant number of states, including Florida, and it should thus be readily available for the Commission's use here.

6. FPTA sincerely hopes the Commission will not feel itself bound to pursue a cost-based rate cap scheme, for all of the reasons stated above. If the Commission nonetheless reaches a different conclusion and finds cost based rates required, then to ensure fair compensation as mandated by Section 276, and to act consistent with the relevant public policy directives found in Section 364.01, Florida Statutes and elsewhere throughout Chapter 364, F.S., the Commission would arguably have to allow all PSPs and OSPs to submit costs upon which fair and compensatory rate caps could be derived. Once again, requiring cost studies from the payphone industry will almost certainly introduce burdensome expense and delay into the process, which will work directly counter to the public interest goals and principles expressed above. Moreover, many payphone companies will simply be unequipped to provide this type of information, and whatever is produced will almost certainly not be able to be made uniform or consistent in a meaningful way.
7. Based on FPTA's best overall knowledge of this particular industry sector, it is difficult to imagine the postulated scenario (current rate caps being above cost based rate levels) as a real possibility—absent a seriously flawed cost study methodology or some other very unusual circumstance. In any case, the fact that cost based rates can still vary based on allowed 'contribution' or profit levels that go into making up the ultimate price, would appear to allow the Commission latitude to leave in place specific rate caps that have been in effect for years, notwithstanding a current lower cost estimate.
8. There is strong competition both from within the operator services market itself and from without, in the form of wireless services, prepaid phone cards/calling cards, and publicly available 'dial around' numbers like 1-800-callATT or 1-800-COLLECT (each of which, based on FPTA's best industry knowledge, accounts for many more calls than 0+0- calls on a typical payphone, and are also priced much more in line with the rate caps FPTA now proposes). Payphone owners can and do select their 0+0- providers, from among a number of OSPs, and callers can and do select which payphones they may choose to use. Callers can also select the method by which they place their calls among the wide variety of options described herein.
9. Along the lines previously stated, consumers can and do use a variety of means to make calls at payphones other than the pre-selected 0+0- provider. They utilize wireless calling, of both prepaid and post-paid varieties. They can and do choose

which payphone they will use. And, once at the phone, consumers are able to make their calls using coins, prepaid phone cards, calling cards, or one of a number of toll free operator services access numbers such as 1-800-callATT & 1-800-COLLECT—all in lieu of 0+/0- dialing.

10. As a final point, FPTA suggests that it would be useful for the Commission to implement some form of annual rate adjustment feature, to allow for updating of the rate caps via some reasonable and automatic mechanism, rather than undertaking additional FPSC proceedings for this purpose. Two viable approaches would be to (1) tie updates to future AT&T interstate rate changes, or (2) implement a CPI type adjustment factor that would be representative of changes to the public communications sector's future operating environment.

In either case, by acting expeditiously and efficiently on the broader issues presented here, the Commission can genuinely help to promote the continued deployment of public pay telephone services in Florida. The public safety and social service benefits of doing so will be significant for the State and its citizens. FPTA urges such action as soon as possible.

ORIGINAL



NETWORK
OPERATOR SERVICES

INSTITUTION CENTER
07 MAY 21 AM 8:16

07000

May 15, 2007

TO: Florida Public Service Commission

FROM: Network Operator Services, Inc.

RE: Data Request Response

RECEIVED FPSC
07 MAY 21 AM 9:47
COMMISSION CLERK

This response is in reply to your data request dated May 11, 2007. Attached are our responses to the questions. Should you have any questions please contact me at sfreeman@centrisinfo.com.

Susan P. Freeman
Director, Billing Operations

DOCUMENT NUMBER-DATE
04094 MAY 21 06

1. *Yes, the Florida Public Service Commission can eliminate the rate caps that they established. However, a better choice may be to raise the current rate caps.*
2. *Rate caps should remain in effect for inmate facilities since there is not a choice of provider by the end user.*
3. *I am not able to provide this information at this time.*
4. *If not eliminated then yes they need to be increased. Some items that must be considered are increasing labor costs (including insurance costs), rising regulatory fees and increasing billing and collection fees. At this time I cannot recommend any specific rates.*
5. *Rate caps can be cost based, provided that all cost components are taken into consideration. Costs involved are more than just equipment and facilities.*
6. *See response to 5.*
7. *There should be no need for all parties to prepare/present cost data. The FPSC should be able to determine costs involved for providing operator services in the state of Florida.*
8. *If cost base is the method then this is a reasonable assumption.*
9. *90%.*
10. *None*



June 1, 2007
Via E-mail Only

210 N. Park Ave.
Winter Park, FL
32789

P.O. Drawer 200
Winter Park, FL
32790-0200

Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Ms. Laura King
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: DN 060476-TL: Petition by BellSouth Communications, Inc. to initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code
Response of Network Communications International Corp. to staff data requests issued May 11, 2007

Dear Laura:

Attached with this letter is the response of Network Communications International Corp. to the data requests issued in the above referenced proceeding.

Any questions regarding this filing may be directed to my attention at (407) 740-3004 or via email at rnorton@tminc.com. Thank you for your assistance in this matter.

Sincerely,

Robin Norton

Robin Norton, Consultant to NCIC

cc: Bill Pope, Steph Jackson
file: NCIC - FL
tms: FLi0701X

Docket No. 060476-TL: Petition by BellSouth Telecommunications, Inc. to Initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code

Response of Network Communications International Corp.

to Staff Data Requests issued May 11, 2007

1. Do you believe the Florida Public Service Commission (FPSC) can eliminate the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, taking into consideration Chapter 364.3376(3), Florida Statutes? Please explain your response.

Response: Not unless the statutory language is changed.

2. If you believe the FPSC can eliminate the rate caps, should they be eliminated in total, or should they remain in place with respect to inmate payphone services? Please explain your response.

Response: No, NCIC believes that rate caps are an effective way to prevent overcharging by companies; inmate rates also need to continue to have a cap in order to help maintain fair rates for inmate families.

3. If the rate caps were eliminated, what rates would you charge for operator services?

Response: On payphones, NCIC would probably have to match AT&T interstate rates in order to remain competitive. These rates are currently \$.89 per minute, \$5.99 connection fee on automated and \$7.50 for live operator assistance.

4. Do you believe the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be increased?

- a. If so, please explain why.

Response: Yes. The current rate caps have not taken into consideration the increase in bill rendering costs imposed by the LECs for their third party billing services. Several LECs, such as Qwest and Verizon charge as much as \$1.85 to place a collect call on their phone bill. In 1995, this cost was about \$.50 per call.

Also, with the advent of Local phone company competition (CLECs), the RBOCs are more generous in offering credits and adjustments on third party billings in order to appease their customer. Bad debt amounts are as high as 18% where as in 1995, they were about 6%.

- b. What rates would you recommend?

Response: The per-minute rate of \$.30 has always been a fair rate. The operator surcharges, however, should be increased to cover the increased costs of LEC bill rendering and increased bad debt costs. Automated collect call surcharges should be increased to \$3.25 basically covering the increase in bad debt and LEC billing and collection charges, of about \$1.50 per call. Live operator calls should be increased to \$4.00 because of increased labor costs and insurance costs (NCIC has not outsourced overseas). Person-to-person rates, a service rarely used, should be increased to \$5.50.

Response of Network Communications International Corp.

to Staff Data Requests issued May 11, 2007

4. c. **What is the basis for your recommended rates?**

Response: As explained above.

5. **If the FPSC believes the rate caps should be increased, how should these rates be developed?**

Response: As explained above.

6. **Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.**

Response: As explained above.

7. **If the FPSC requires cost data be submitted in order to determine the appropriate rates, should all parties be required to prepare/present cost data? If so, should the FPSC require that data be presented/prepared the same way for each company?**

Response: Yes, but the Commission should have a thorough understanding of the costs faced by the industry.

8. **If the costs to provide any operator service are determined to be less than the current rate caps, should those rates be reduced?**

Response: Not applicable. The only cost that has decreased is the cost of inbound and outbound transmission. Validation costs have increased because of the need to now validate for local number portability. Call rejection rates have gone up due to local number portability. Due to the proliferation of cellphones, call completion rates have decreased due to attempts to call collect to mobile phones. Wireless providers typically do not bill third party charges or collect calls from other providers.

9. **Without disclosing your revenues, please identify what percentage of your total revenues come from operator service calls.**

Response: NCIC provides automated and live operator assisted calling services to end users in transient locations, as well as automated operator assisted calling services for use by inmates in correctional facilities. These services comprise 97% of NCIC's revenues.

NCIC also provides customer service and billing functions for other telecommunications carriers.

Response of Network Communications International Corp.

to Staff Data Requests issued May 11, 2007

- 10. Please provide any additional comments you believe would assist the FPSC in determining if the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be changed or eliminated.**

Response: In addition to all the other cost factors, operator service rates have not been adjusted for inflation since the rate caps were implemented in 1999.

Qwest Legal Department
1801 California St.
10th Floor
Denver, CO 80202



Stacy Hanson
Lead Paralegal/Interrogatory Manager
303-383-6678
303-383-8514 (fax)
stacy.hanson@qwest.com

May 31, 2007

Via Overnight Delivery

Beth Salak
Florida Public Service Commission
Capital Circle office Center
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

RE: Docket No. 060476-TL
Qwest's Responses to Staff's Data Requests

Dear Ms. Salak:

Qwest Communications Corporation's ("QCC") responses to Staff's Data Requests 1 – 11 are enclosed.

If you have any questions regarding this serving, I can be reached at (303) 383-6678.

Sincerely,

A handwritten signature in black ink that reads 'Stacy Hanson'.

Stacy Hanson
Interrogatory Manager

enclosure

cc: Barbara J. Brohl
Jeff Wirtzfeld

2007 JUN -1 PM 2:20
DIVISION OF
COMPETITIVE SERVICES

Florida
Docket No. 060476-TL
PSC 02-001

PARTY: Florida Public Service Commission Staff
REQUEST NO: 001

Do you believe the Florida Public Service Commission (FPSC) can eliminate the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, taking into consideration Chapter 364.3376(3), Florida Statutes? Please explain your response.

RESPONSE:

Essentially, yes. While Florida Statutes Section 364.3376(1) requires the Florida Public Service Commission ("Commission") to establish maximum rates and charges for operator services, it does not prescribe what that maximum should be nor does it dictate which elements must be included in the maximum. This effectively gives the Commission the ability to set the rate at a sufficient maximum to respond to the competitive environment. The rules referenced, Rules 25-24.630(1) and 25-24.516(1), do set specific maximum rates and identify the elements that must be included in the maximum, however they are Commission-initiated rules, and can either be modified or waived by the Commission. Thus, the Commission can effectively eliminate the rate caps.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-002

PARTY: Florida Public Service Commission Staff

REQUEST NO: 002

Please explain how the "public interest" would be served by eliminating or increasing the rate caps on operator service calls.

RESPONSE:

Many customers count on public pay telephones for their communications needs. The continued availability of pay telephones is in the "public interest." Removing the rate caps on OS calls, a competitive service, would allow the pay telephone owner to negotiate competitively appropriate OS rates and corresponding commission payments with their chosen OS provider which would support the ongoing costs of deployment and maintenance of pay telephones.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-003

PARTY: Florida Public Service Commission Staff

REQUEST NO: 003

If the provision of operator services is a competitive market, is it reasonable to expect rates for these services to decrease? Please explain your response.

RESPONSE:

Generally, when rates are not regulated or capped, prices for those services will reflect what the market will bear and it is reasonable to expect that based on changing circumstances and changing market conditions, prices could decrease.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-004

PARTY: Florida Public Service Commission Staff

REQUEST NO: 004

If the rate caps were eliminated, what rates would you charge for operator services?

RESPONSE:

The national average of Qwest's OS services today is \$0.90 per minute and \$6.50 operator surcharge. If rate caps were eliminated, Qwest would most likely establish charges commensurate with these averages.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-005

PARTY: Florida Public Service Commission Staff

REQUEST NO: 005

If the FPSC believes the rate caps should be increased and not eliminated, how should those rates be developed?

RESPONSE:

If the Commission ultimately concludes that rate caps are needed, then Qwest proposes that the rates be set at \$0.90 per minute with a \$6.50 operator surcharge or a similar Florida industry-wide average based on data gathered by the Commission.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-006

PARTY: Florida Public Service Commission Staff

REQUEST NO: 006

Do you believe the FPSC can set these rates based on the costs to provide operator services? If so, should the rates be cost-based? Please explain your response.

RESPONSE:

Operator services is a competitive service and as such, setting rates based on cost would not be appropriate for several reasons. First, prices for competitive services should be based on the competitive market. Second, setting rates, based on cost, would not be efficient for providers or commission staff. This process would require the Commission to obtain industry-wide costs and then calculate an average based on those costs. The cost of providing this service can range from carrier to carrier, all based on their own unique business models, as well as the fact that carrier costs can and typically do change, thus the Commission would need to perform this calculation on a regular basis. Using cost based averages would also create an economic disadvantage to those carriers that are at or above the average, as compared to those carriers that are below the average. Third, if the Commission were not to calculate and require the use of averaged rates, then rates based on costs would likely be different across various pay telephone providers, which would result in unpredictable rates for consumers who use those pay telephones.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-007

PARTY: Florida Public Service Commission Staff

REQUEST NO: 007

If the FPSC believes rates must be based on costs, should all parties be required to prepare/present cost studies? Should all studies be prepared/presented in the same way?

RESPONSE:

As indicated in the response to No. 6, Qwest does not advocate cost-based rates. However, if the FPSC determines rates must be based on cost, then all interested parties should present cost studies based on a similar methodology.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-008

PARTY: Florida Public Service Commission Staff

REQUEST NO: 008

If the cost to provide any operator service is determined to be less than the current rate caps, should those rates be reduced?

RESPONSE:

No. Rate caps in Florida are the lowest among all U.S. states. Qwest is not in favor of lowering the existing rate caps.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-009

PARTY: Florida Public Service Commission Staff

REQUEST NO: 009

In post-workshop comments filed by various parties on September 15, 2006, in Docket No. 060476-TL, it was stated that the provision of operator services is a competitive market. Do you agree? If so, does this mean that there are multiple providers from which payphone providers and call aggregators can obtain operator services?

RESPONSE:

Qwest agrees that the provision of operator services is a competitive market. Pay telephone providers and call aggregators have numerous choices of carriers to provide operator services from their equipment.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-010

PARTY: Florida Public Service Commission Staff

REQUEST NO: 010

From the viewpoint of a consumer placing an operator-assisted call at a payphone or in the call aggregator context, do you believe the consumer has a competitive alternative? Please explain your response.

RESPONSE:

Yes. The utilization of a pay telephone and aggregate-elected OS service provider is not a necessity for a consumer to complete a call. Consumers have the ability to gain access to the carrier of their choice via dial around access of 1010XXX or 1-8XX to complete an OS call.

Respondent: Carolyn Vance

Florida
Docket No. 060476-TL
PSC 02-011

PARTY: Florida Public Service Commission Staff

REQUEST NO: 011

Please provide any additional comments you believe would assist the FPSC in determining if the rate caps set forth in Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code, should be changed or eliminated.

RESPONSE:

It is important for consumers to have the ability to make pay telephone calls, especially while traveling or otherwise away from home. Pay telephone owners and service providers recognize this need and strive to bring Florida consumers convenient and easily accessible pay telephone service in a wide variety of locations. By eliminating or reducing rate caps on operator service calls, the PSC will promote an environment where Florida consumers have the opportunity for better access to public payphones.

Respondent: Carolyn Vance



May 30, 2007
Via E-mail Only

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32789

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32790-0200

Tel: 407-740-8575
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tmi@tminc.com

Ms. Laura King
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: DN 060476-TL: Petition by BellSouth Communications, Inc. to initiate Rulemaking to Amend Rules 25-24.630(1) and 25-24.516(1), Florida Administrative Code
Response of Worldwide Telecommunications Inc. d/b/a WTI Telecom Inc. to staff data requests issued May 11, 2007

Dear Laura:

This letter is e-mailed to you to provide the response of Worldwide Telecommunications Inc. d/b/a WTI Telecom Inc. ("WTI") to the data requests issued in the above referenced proceeding. WTI is a registered long distance reseller in Florida, however WTI does not offer operator assisted services and has no opinion on the issues identified in this proceeding.

Any questions regarding this filing may be directed to my attention at (407) 740-3004 or via email at rnorton@tminc.com. Thank you for your assistance in this matter.

Sincerely,

Robin Norton

Robin Norton, Consultant to
Worldwide Telecommunications Inc.
d/b/a WTI Telecom Inc.

cc: Cheryl Lundy, Worldwide
file: Worldwide - FL
tms: FLi0701X