

Matilda Sanders

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From: Kelly, Tamela D [EQ] [Tamela.Kelly@Embarq.com]
Sent: Friday, June 29, 2007 10:56 AM
To: Filings@psc.state.fl.us
Cc: Susan Masterton
Subject: Embarq Florida, Inc.'s Petition for Waiver of Order No. PSC-96-0012-FOF-TL
Attachments: Embarq's Petition for Waiver 6-29-07.doc

<<Embarq's Petition for Waiver 6-29-07.doc>>

Filed on Behalf of: Susan S. Masterton

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1313 Blair Stone Road
Tallahassee, FL 32301
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Docket No. _____

Title of filing: Embarq Florida, Inc.'s Petition for Waiver of Order No. PSC-96-0012-FOF-TL to consolidate the number of non-basic service categories.

Filed on behalf of: Embarq Florida, Inc.

No of pages: 7 pages

Description: Embarq Florida, Inc.'s Petition for Waiver of Order No. PSC-96-0012-FOF-TL to consolidate the number of non-basic service categories.

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EMBARQ

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1313 Blair Stone Rd.
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June 29, 2007

Ann Cole
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0870

070390-TL

Re: Embarq Florida, Inc.'s Petition For Waiver of Order No. PSC-96-0012-FOF-TL
to Consolidate the Number of Non-Basic Service Categories.

Dear Ms. Cole:

Enclosed for filing on behalf of Embarq Florida Inc. is Embarq's Petition for Waiver of
Order No. PSC-96-0012-FOF-TL to Consolidate the Number of Non-Basic Service
Categories.

If you have any questions regarding this electronic filing, please do not hesitate to call me
at 850/599-1560.

Sincerely,

s/ Susan S. Masterton
Susan S. Masterton

Enclosure

Cc: Beth Salak, FPSC
Patrick Wiggins, FPSC
Charles Beck, OPC

Susan S. Masterton
COUNSEL
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by electronic and U.S. Mail this 29th day of June, 2007, to the following:

Patrick Wiggins
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Beth Salak
Florida Public Service Commission
Division of Competitive Markets and Enforcement
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Charles Beck
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison St., Room 812
Tallahassee, FL 32399-1400

s/ Susan S. Masterton
Susan S. Masterton

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for waiver or Order PSC-96-0012-FOF-TL and request to establish modified price regulation categories by Embarq Florida, Inc.	Docket No. <u>070390-TL</u> Filed: June 29, 2007
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**EMBARQ FLORIDA, INC.'S PETITION FOR WAIVER OF
ORDER NO. PSC-96-0012-FOF-TL TO CONSOLIDATE
THE NUMBER OF NON-BASIC SERVICE CATEGORIES**

Embarq Florida, Inc. ("Embarq"), in accordance with section 120.542, Florida Statutes, and Rule 28-104.002, Florida Administrative Code, petitions the Florida Public Service Commission ("Commission") to grant a waiver of the price regulation categories in Commission Order No. PSC-96-0012-FOF-TL, issued January 4, 1996 (1996 Order) to consolidate the number of non-basic service categories from ten to five. In support of this Petition, Embarq states as follows:

PARTIES

1. Embarq is a Florida corporation and is a price-regulated incumbent local exchange company (ILEC) authorized to provide local exchange and intraLATA toll telecommunication services in Florida.
2. Embarq's principal place of business is 555 Lake Border Drive, Apopka, Florida. Pleadings and processes should be served on:

Susan S. Masterton
1313 Blair Stone Road
Tallahassee, FL 32301
850-599-1560 (phone)
850-878-0777 (fax)
susan.masterton@embarq.com

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BACKGROUND AND REQUEST FOR RELIEF

3. The 1996 Order established ten non-basic service categories:
 1. Business non-basic exchange access
 2. Residence non-basic exchange access
 3. Business Optional Services
 4. Residence Optional Services
 5. Local Directory Assistance and Directory Services
 6. Toll Services
 7. Operator Services
 8. Transport Services
 9. Public and Semi-Public Telephone
 10. Miscellaneous Services

4. When filing a tariff under the 1996 Order, Embarq must first complete a price-out identifying the revenue impact the filing will have on the non-basic category. The price-out demonstrates that the filing does not violate the relevant non-basic service category revenue constraints.

5. Since the creation of the initial non-basic price categories, Embarq has made numerous tariff filings consistent with the requirements outlined in the 1996 Order. Prior to Embarq making any filing changing an existing service, Embarq must first complete a price out that identified the revenue impact to the specific non-basic category.

6. In 2004, BellSouth filed the first Petition requesting the Commission to waive the number of nonbasic categories established in the 1996 Order and allow BellSouth to consolidate the original categories.¹ In granting BellSouth's request the Commission stated:

The proposed category structure does seem to reflect, for the most part, differences in the competitive pressures facing BellSouth.

¹ *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. BellSouth is now known as AT&T; however, Embarq will continue to refer to BellSouth in this Petition, since that is name used by the Commission in the referenced Order.

Combining the existing Non-Basic Exchange Access and Optional Services categories for residential and business, respectively, makes sense since both types of services are provided by the end user's local telephone company. The state of competition in the local market should affect pricing of exchange access and optional local services in a similar manner.²

7. In 2005, Verizon followed BellSouth in filing a petition to waive the 1996 Order and reduce its number of nonbasic categories in the same manner as the Commission had approved for BellSouth. The Commission granted Verizon's petition on the same basis as it approved BellSouth's request stating:

Based on the above reasoning, we grant Verizon's Petition for Waiver of Order No. PSC-96-0012-FOF-TL and reduce the number of non-basic service categories from ten (10) to five (5) for Verizon. This action is consistent with Order No. PSC-05-0278-CO-TL, issued in Docket No. 041213-TL, in which we granted the same relief for BellSouth.³

8. Like BellSouth and Verizon, Embarq has experienced limitations on its flexibility to make changes within the established categories as competition has increased in the local market since its introduction over 11 years ago. Embarq believes that these changes within the industry wrought by competition, as well as efforts by ILECs and the Commission to streamline their operations, merit the Commission's modification of the current categories identified in the 1996 Order for Embarq, in the same manner as they have been modified for BellSouth and Verizon.

9. In this Petition Embarq is requesting that the Commission waive the requirements of the 1996 Order and establish the same reduced number of nonbasic

² Order No. PSC-05-0185-PAA-TL, issued February 17, 2005 in Docket No. 041213-TL at page 3. BellSouth had originally asked to collapse the 10 baskets in 4. In ruling on BellSouth's request, the Commission determined that 5 baskets were more appropriate, creating a separate basket for Local Direct Assistance and Directory Services, based on BellSouth's rate increase history. (Id.)

³ *In re: Petition for Waiver of Order PSC-96-0012-FOF-TL to consolidate number of non-basic service categories by Verizon Florida Inc.*, Order No. PSC-05-0602-PAA-TL, issued June 1, 2005 in Docket No. 050294-TL at page 3. The BellSouth Order cited to is the Consummating Order making the PAA Order cited in footnote 2 final.

categories as it previously approved for BellSouth and Verizon. That is, Embarq is asking the Commission to reduce its number of non-basic baskets from the ten categories set forth in the 1996 Order to the following five baskets:

1. Residential non-basic service (consists of Residence Non-Basic Exchange Access and Residential Optional Services)
2. Business Non-Basic Service (Consists of Business Non-Basic Exchange Access and Business Optional Services)
3. Local Directory Assistance and Directory Services
4. Other Optional Services (consists of Toll Services, Operator Services, Transport Service, Public and Semi-Public Telephone)
5. Miscellaneous Services

10. As the Commission found in granting the BellSouth and Verizon Petitions, this category structure will better reflect and allow Embarq to respond to the competitive environment in Florida.

11. If the Petition is granted, Embarq proposes to transfer the revenue in each current non-basic category to the new designated non-basic category at the end of the current 12-month pricing period. This will allow Embarq to transition to the new pricing categories without exceeding the restrictions set forth in the Florida Statutes.

12. Embarq's request for a waiver meets the requirements of section 120.542 and Rule 28-104.002 in that it demonstrates that the waiver serves the underlying purposes of section 364.051, F.S., which authorizes ILECs to elect price regulation and establishes the regulatory parameters for basic and non-basic services. Embarq's Waiver Request also meets the purpose of the 1996 Order which was to implement the statute in the context of the local exchange competition.

WHEREFORE, Embarq requests that the Commission grant this Petition for Waiver of Order No. 96-0012-FOF-TL and modify Embarq's price regulation categories as described herein, consistent with the BellSouth and Verizon Non-Basic Category Orders.

Respectfully submitted this 29th day of June, 2007.

s/ Susan S. Masterton
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