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June 26, 1996

ORIGINAL
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Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

960716 JL

Re: Frontier Communications of the South, Inc.

Dear Ms. Bayo:

Enclosed please find the original and 15 copies of the Petition of Frontier Communications of the South, Inc. for a limited scope proceeding to change its existing rate relationships. Copies have been furnished to parties listed on the certificate of service.

Sincerely,



David B. Erwin

DBE:akh
Enclosures
cc: Jeff McGehee
Laurie Maffett

RECEIVED & FILED
[Signature]
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER DATE

06875 JUN 26 96

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition of Frontier)
Communications of the South,)
Inc. for a limited scope)
proceeding to change its)
existing rate relationships.)

Docket No.

Filed: June 26, 1996

PETITION OF FRONTIER COMMUNICATIONS
OF THE SOUTH, INC. FOR A LIMITED
SCOPE PROCEEDING TO CHANGE ITS
EXISTING RATE RELATIONSHIPS

Frontier Communications of the South, Inc. petitions for a limited scope proceeding, pursuant to Sections 364.05 and 364.058, Florida Statutes, and Rule 25-4.215, F.A.C., to change its existing rate relationships.

In support of its petition, Frontier Communications of the South, Inc. states as follows:

1. There exists statutory and rule authority that would allow Frontier Communications of the South, Inc. to achieve the relief sought by this petition. The Commission has jurisdiction to change the rates of a regulated local exchange telephone company (LEC). Section 364.05, Florida Statutes. The Commission can undertake limited proceedings in any matter under its jurisdiction. Section 364.058, Florida Statutes. The Commission recently recognized the need to allow small local exchange companies to change their overall rate relationships, if they show that revenues under the proposed rate relationships will not exceed the revenues generated under the existing rate relationships. Rule 25-4.215, F.A.C.

2. Frontier Communications of the South, Inc. is a small

DOCUMENT NUMBER-DATE

06875 JUN 26 1996

REGISTRATION REPORTING

LEC which operates two exchanges in the State of Florida in a sparsely populated area of northern Escambia County. The exchanges are the Molino Exchange and the Walnut Hill Exchange. Frontier Communications of the South, Inc. was previously operated as Southland Telephone Company. As the result of LEC toll bill and keep, Southland Telephone Company was granted a subsidy by Order No. 17743, Docket No. 850310-TL. The amount of the subsidy was revised by Order No. 18404 in the same docket. The subsidy was granted to a number of local exchange companies because of a shortfall in revenue generated by the movement to a system of bill and keep of intraLATA toll. In years two through four of the subsidy, the amounts received by each LEC were to be reduced, and any LEC with a shortfall remaining after year four was to be eligible for a long term subsidy. Southland Telephone Company was a LEC with such a shortfall, and in 1991 Southland became eligible to receive a long term subsidy in the amount of \$128,000 a year. See Table 2-4 of Order No. 18404, Docket No. 850310-TL. Southland Telephone Company first received the \$128,000 subsidy from the subsidy fund administrator in 1991, and Southland or its successor, Frontier Communications of the South, Inc., has continued to receive the subsidy each year since first becoming eligible for it.

3. In the telephone industry it has been common for subsidies to flow to higher cost LECs to minimize the recovery of costs through local rates. Frontier Communications of the South, Inc. is a higher cost LEC due to the nature of its service

territory, and like other higher cost LECs, Frontier Communications of the South, Inc. is facing the prospect of losing the subsidies which were designed by the Commission to accomplish the goal of low rates for the customers of higher cost companies.

4. There were initially many LEC contributors to the intra-LATA toll bill and keep subsidy pool. See Table 2-4, Order No. 18404, Docket No. 850310-TL. Only one contributor remains, however, BellSouth Telecommunications (hereinafter BellSouth), previously known as Southern Bell Telephone and Telegraph Company, and there is only one recipient other than Frontier Communications of the South, Inc. See Order No. 95-0426-FOF-TL, Docket No. 850310-TL.

5. Upon passage of the new telecommunications law in Florida, it became possible for LECs to choose price regulation pursuant to Section 364.051, Florida Statutes, and BellSouth has chosen that form of regulation. BellSouth is now in a competitive environment for local exchange traffic. Frontier Communications of the South, Inc. has not yet chosen price regulation, but at some point, all LECs in Florida will be in a competitive environment, and Frontier Communications of the South, Inc. will have BellSouth as a potential or actual competitor.

6. Before Frontier Communications of the South, Inc. and BellSouth become competitors, Frontier Communications of the South, Inc. must eliminate its reliance upon revenue from BellSouth, but in order to achieve this necessary goal, Frontier

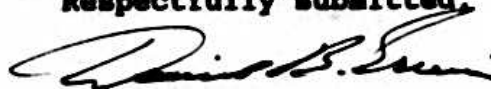
Communications of the South, Inc. must rearrange its rate relationships to generate the revenue that will be lost by eliminating its LEC toll bill and keep subsidy.

7. Frontier Communications of the South, Inc. proposes to rearrange its rate relationships as shown on Schedule E-2, attached hereto and made a part hereof. The proposed rearrangement is designed to eliminate the intraLATA subsidy paid to Frontier Communications of the South, Inc. by BellSouth.

8. Pursuant to Rule 25-4.215, F.A.C., Schedule E-2 in Form PSC/CMU 20, shows that the revenues generated under the proposed rate relationships will not exceed the revenues generated under existing rate relationships. The analysis is based upon data for units and revenues for the 1995 calendar year.

9. Frontier Communications of the South, Inc. requests that the Commission approve this request in a PAA order and that no rates or charges be changed or adjusted until such order has become final.

Respectfully submitted,



David B. Erwin
Young, van Assenderp & Varnadoe, P.A.
P. O. Box 1833
Tallahassee, Florida 32302

Attorneys for Frontier Communications of
of the South, Inc.
Post Office Box 37
Atmore, AL 36504

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true copy of the foregoing Petition of Frontier Communications of the South, Inc. for a limited scope proceeding to change its existing rate relationships has been furnished by U.S. Mail or by hand delivery this 26th day of June, 1996 to the following:

Robert Vandiver
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Jack Shreve
Office of the Public Counsel
111 W. Madison St., Rm. 801
Tallahassee, FL 32301

Nancy Sims
BellSouth
150 S. Monroe, Ste. 400
Tallahassee, FL 32301


David B. Erwin

PRICE OUT

Schedule E-3

Page 1 of 1

FLORIDA PUBLIC SERVICE COMMISSION
Company: Frontier Communications of the South, Inc.
Division No.:
Test Year:

INSTRUCTIONS: Provide price element, unit, with, residual revenue(s) for the following units:
 basic local exchange service; all local interconnections, including various station types and
 network access operations; all residential access charges (local, long distance, DDD,
 each nation calling service; service connection charge; (R)S and related toll discount plans;
 INTRALATA NATS; all related service elements with annual revenues being greater than or
 equal to .5% of the company's intrastate annual revenues.

Witness Representative: Kelly B. Goodnight
Prepared By:
Check Whether Data Is:
 Historic () Average () Total Company ()
 Proposed () Year end () Intrastate ()
 Regulated Only ()

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Line No.	Test Station Or Page No. (Individual)	Service Description	Cost, if Known	Average Billing Units	Current Rate	Proposed Rate of Company Proposed Change	Proposed Change	Current Revenue	Proposed Revenue	Revenue Difference
1	101-2	Residential		1,860	\$10.85	\$13.56	\$2.71	\$2,259,080.00	\$2,223,891.80	\$35,188.20
2	101-2	Business		150	\$29.56	\$29.30	\$0.26	\$4,434.00	\$4,402.50	\$31.50
3	101-2	Car stations		4	\$13.30	\$16.01	\$2.71	\$53.20	\$64.04	\$10.84
4										
5										
6										
7		Various Hd Exchange								
8	101-2	Residential		1,448	\$10.86	\$13.68	\$2.82	\$15,708.48	\$15,708.00	\$0.48
9	101-2	Business		123	\$27.25	\$29.88	\$2.63	\$3,359.75	\$3,645.54	\$285.79
10	101-2	PLX		1	\$65.96	\$68.88	\$2.92	\$65.96	\$68.88	\$2.92
11	101-2	Car stations		6	\$13.63	\$16.34	\$2.71	\$81.78	\$98.04	\$16.26
12										
13		Service Order Charge - Residential		624	\$7.60	\$17.00	\$9.40	\$4,772.40	\$10,728.00	\$5,955.60
14		Residential								
15		Service Order Charge - Business		114	\$14.15	\$22.00	\$7.85	\$1,613.10	\$2,508.00	\$894.90
16		Business								
17		Central Office Wash Charge - Residential		791	\$7.35	\$4.00	(\$3.35)	\$5,813.85	\$3,164.00	(\$2,649.85)
18		Residential								
19		Central Office Wash Charge - Business		103	\$7.35	\$4.00	(\$3.35)	\$757.05	\$412.00	(\$345.05)
20		Business								
21		Premises Visit Charge - Residential		133	6.25	\$12.00	\$5.75	\$831.25	\$1,596.00	\$764.75
22		Residential								
23		Premises Visit Charge - Business		11	6.25	\$12.00	\$5.75	\$68.75	\$132.00	\$63.25
24		Business								
25										
26	Order No 16404									
27	Double No 850310-TL	Subsidy						\$128,542.00	\$0.00	(\$128,542.00)
28										
29										
30										
31										
32										
33										
									TOTAL	\$0.00

* Optional, Only if Company Proposes Change Supporting Schedule:

Rescap Schedule: