

Commissioners:  
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JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA



DIVISION OF APPEALS  
DAVID E. SMITH  
DIRECTOR  
(904) 413-6245

ORIGINAL  
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# Public Service Commission

September 23, 1996

Ms. Monique H. Cheek  
Office of Tourism, Trade, and  
Economic Development  
Executive Office of the Governor  
The Capitol  
Tallahassee, FL 32399-0001

SUBJECT: Docket No. 960525-TL, Proposed Amendments to Rule 25-24.471, F.A.C., Application for Certificate

The Commission has determined that the above rule will affect small business. Accordingly, pursuant to Section 120.54(3)(b), Florida Statutes, enclosed is a copy of the Florida Administrative Weekly (FAW) notice for the proposed rules, which will be published in the September 27, 1996 edition of the FAW. Also enclosed is a copy of the economic impact statement.

If there are any questions with respect to this rule or the Commission's rulemaking procedures, please do not hesitate to call on me.

Sincerely,

*Diana W. Caldwell*  
Diana W. Caldwell  
Associate General Counsel

- ACK \_\_\_\_\_
- AFA \_\_\_\_\_ Enclosures
- APP \_\_\_\_\_ CCI Division of Records & Reporting
- CAF \_\_\_\_\_
- CMU \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG \_\_\_\_\_
- LIN \_\_\_\_\_
- OPC \_\_\_\_\_
- RCH \_\_\_\_\_
- SEC 1
- WAS \_\_\_\_\_
- OTH \_\_\_\_\_

DOCUMENT NUMBER-DATE

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An Affirmative Action/Equal Opportunity Employer

10171 SEP 24 1996  
FPSC-RECORDS/REPORTING

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 960525-TL

RULE TITLE:

RULE NO.:

Application for Certificate

25-24.471

PURPOSE AND EFFECT: Portions of the proposed rule amendments are corrections to the rule which had been inadvertently sent for publication and became effective in March 1996. The incorrect version failed to include the changes voted on by the Commission such as to recognize alternative local exchange carriers (ALECs) as providers of 0- service and to provide that ALECs meet certain service standards. The incorporation by reference of PSC/CMU Form 31 was also not included. This amendment makes the corrections to conform the rule to that which was approved by the Commission at its February 6, 1996, agenda conference. The amendment also removes the restriction that reserved all 1+ and 0+ dialed intraLATA toll calls to the local exchange companies (LECs), and allows interexchange carriers (IXCs) the ability to provide 1+ and 0+ intraLATA toll calls.

SUMMARY: The rule is amended to allow IXCs the ability to provide 1+ and 0+ intraLATA toll calls; it recognizes ALECs as providers of 0- service and places certain service requirements on those ALECs providing the 0- service, and incorporates by reference revisions to PSC/CMU Form 31.

RULEMAKING AUTHORITY: 350.127(2), FS.

LAW IMPLEMENTED: 364.03, 364.32, 364.33, 364.335, 364.337, 364.345, FS.

WRITTEN COMMENTS OR SUGGESTIONS ON THE PROPOSED RULE MAY BE

SUBMITTED TO THE FPSC, DIVISION OF RECORDS AND REPORTING, WITHIN 21 DAYS OF THE DATE OF THIS NOTICE FOR INCLUSION IN THE RECORD OF THE PROCEEDING.

HEARING: IF REQUESTED WITHIN 21 DAYS OF THE DATE OF THIS NOTICE, A HEARING WILL BE HELD AT THE DATE AND PLACE SHOWN BELOW:

TIME AND DATE: 9:30 A.M., January 30, 1997.

PLACE: Room 152, Betty Easley Conference Center, 4075 Esplanade Way, Tallahassee, Florida.

THE PERSON TO BE CONTACTED REGARDING THIS RULE AND THE ECONOMIC IMPACT STATEMENT IS: Director of Appeals, Florida Public Service Commission, 2540 Shumard Oak Blvd., Tallahassee, Florida 32399.

THE FULL TEXT OF THE RULE IS:

25-24.471 Application for Certificate.

(1) An applicant desiring to apply for a certificate shall submit an application on Commission Form PSC/CMU 31 ~~(XX/XX) (4/91)~~, which is incorporated into this rule by reference. Form PSC/CMU 31 ~~(XX/XX) (4/91)~~, entitled "Application Form for Authority to Provide Interexchange Telecommunications Service Between Points Within the State of Florida," may be obtained by contacting the Commission's Division of Communications. A non-refundable application fee of \$250.00 must accompany the filing of all applications.

(2) An original and 12 ~~twelve (12)~~ copies of the application shall be filed with the Division of Records and Reporting.

(3) A certificate will be granted if the Commission determines that such approval is in the public interest.

(4) Any authority granted to interexchange companies (IXCs) previously or hereafter is subject to the following:

(a) Toll authority granted to all companies is statewide. A company may provide toll service over its own or resold facilities. However, end user dialed 0+ local and all 0- calls shall be initially routed to the serving local exchange company or alternative local exchange company ~~the local exchange company shall be the sole carrier for 0+ local, 0- local and 0- intraLATA toll calls dialed by end users.~~ When operator services are provided by the alternative local exchange company, the alternative local exchange company must also provide access to emergency service, busy line verification, and emergency interrupt service to the end user on at least the same level as that provided by the local exchange company. Call aggregators and IXCs shall not change or augment the dialing pattern of end users for 0+ local or 0- such calls. ~~IXCs may only provide intraLATA toll services to end users with whom they have a prior and ongoing relationship or who dial the appropriate access code, e.g., 950, 800, or 10XXX.~~

(b) Minor ~~inter~~interexchange companies are not required to provide service throughout their certificated service area, but must accept customers on a nondiscriminatory basis. Companies deemed major interexchange companies on December 31, 1994, are required to provide service in any exchange that is not equal access capable to all customers in that exchange making a request for service.

(c) Where only one interexchange carrier is available in a confinement facility, that interexchange carrier shall provide for completion of all inmate calls allowed by the confinement facility.

(d) A certificate to provide interexchange service does not carry with it the authority to provide local exchange, shared

tenant, alternative access, alternative local exchange, or pay telephone service. A separate application must be made for such authority.

Specific Authority 350.127(2), FS.

Law Implemented 364.03, 364.32, 364.33, 364.335, 364.337, 364.345, FS.

History: New 2-23-87, Amended 5-8-91, 11-20-91, 12-22-92, 10-10-94, 3-13-96, \_\_\_\_\_.

NAME OF PERSON ORIGINATING PROPOSED RULE: Wayne Stavanja.

NAME OF SUPERVISOR OR PERSON(S) WHO APPROVED THE PROPOSED RULE: Florida Public Service Commission.

DATE PROPOSED RULE APPROVED: September 16, 1996.

If any person decides to appeal any decision of the Commission with respect to any matter considered at the rulemaking hearing, if held, a record of the hearing is necessary. The appellant must ensure that a verbatim record, including testimony and evidence forming the basis of the appeal is made. The Commission usually makes a verbatim record of rulemaking hearings.

Any person requiring some accommodation at this hearing because of a physical impairment should call the Division of Records and Reporting at (904) 413-6770 at least five calendar days prior to the hearing. If you are hearing or speech impaired, please contact the Florida Public Service Commission using the Florida Relay Service, which can be reached at: 1-800-955-8771 (TDD).

M E M O R A N D U M

August 30, 1996

TO: DIVISION OF APPEALS (CALDWELL)

FROM: DIVISION OF RESEARCH AND REGULATORY REVIEW (HEWITT) *OSB p.2 AWB*

SUBJECT: ECONOMIC IMPACT STATEMENT FOR DOCKET NO. 960525-T1, PROPOSED REVISIONS TO RULE 25-24.471, FAC, APPLICATION FOR INTEREXCHANGE COMPANY CERTIFICATE

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SUMMARY OF THE RULE

The current rule contains certification requirements for interexchange carriers (IXCs) and defines their operating authority. All of the related issues of intraLATA presubscription were investigated in Docket No. 930330-TP, and the Commission's findings were issued in Order PSC-95-0203-FOF-TP. The Commission found that allowing intraLATA presubscription by LEC competitors was in the public interest. The proposed rule changes codify that Order.

The proposed changes would require end user dialed 0+ local and all 0-calls to be initially routed to the local exchange company (LEC) or alternative local exchange company (ALEC). When operator services are provided by an ALEC, the ALEC must also provide access to emergency service, busy line verification, and emergency interrupt service to the end user on at least the same level as that provided by the LEC. In addition, the limitations on IXCs providing intraLATA toll service would be eliminated, allowing intraLATA presubscription to IXCs.

DIRECT COSTS TO THE AGENCY AND OTHER STATE OR LOCAL GOVERNMENT ENTITIES

There should be no additional direct costs to the Commission other than minimal costs associated with rulemaking, monitoring and enforcement. Paperwork associated with implementing intraLATA presubscription submitted by companies was required by Order PSC-95-0203-FOF-TP. LECs were ordered to submit a detailed schedule for the modification of various systems and provide quarterly reports.

COSTS AND BENEFITS TO THOSE PARTIES DIRECTLY AFFECTED BY THE RULE

The parties directly affected by the proposed rule changes would be local exchange companies (LECs), alternative local exchange companies (ALECs), and interexchange carriers (IXCs). Allowing IXCs to receive intraLATA toll calls directly would enable them to compete with the LECs for that service. Customers can presently reach the IXC of their choice by dialing the proper 950, 800, or 10XXX access code. The LECs would face increased competition and possible loss of market share with associated revenues. However, if prices are lowered to meet competition, intraLATA toll usage could be stimulated and the loss of revenues mitigated. Also, ALECs and IXCs would have to pay access charges for use of LEC facilities which would lessen the impact of competition and lost revenues. Coupled with the expansion in the number of access lines, LECs may experience no net loss of revenues.

In Docket No. 930330-TP, LECs provided costs estimates for modifying support systems and providing switch software and network restructuring related to implementation of intraLATA presubscription. The cost estimates were:

Southern Bell	\$ 7,400,000
GTEFL	15,000,000
United/Centel	4,950,000
ALLTEL	126,000
Northeast	50,000
St. Joseph	125,000
Indiantown	8,000
Gulf	7,000
Vista-United	35,000
Floral	No Estimate
Southland	No Estimate
Quincy	No Estimate

In addition, there were estimates of lost revenue due to intraLATA toll competition:

Southern Bell	\$24,000,000	Annually
GTEFL	6,400,000	Within two years
ALLTEL	865,000	- 100% loss
Northeast	300,000	- 100% loss
United/Centel	100%	loss

Data requests were sent to the affected parties to determine if there were any additional impacts or alternatives suggested by the proposed rule changes. Northeast increased its estimated loss to at least \$382,000 annually (10% of its intrastate revenues).

One ALEC commented that ALECs' services should not be required to be identical to services of LECs. That requirement may damage innovation but the cost cannot be quantified. Another ALEC questioned the placement of requirements for ALECs providing operator services in the IXC rule with no similar requirement for LECs.

#### REASONABLE ALTERNATIVE METHODS

The "no rule change" alternative is favored by LECs, which would be the low cost alternative to them. However, that alternative would not achieve the public interest policy of fostering competition and possibly lower prices. In addition, the Federal Telecommunications Act of 1995 mandates dialing parity, which opens the intraLATA toll market to competition. Another alternative suggestion is to not require ALECs to have the identical services offered by LECs. That alternative would allow innovation and individualized bundling of services to be offered customers.

#### IMPACT ON SMALL BUSINESSES

Those IXCs that are small businesses should benefit by having a larger potential customer base to market their service. The increase in competition may see a lowering of prices in intraLATA tolls which could negatively impact small IXCs. However, since IXC resellers buy blocks of time from facilities-based IXCs at a discount to retail, there may not be a net loss in revenues.

#### IMPACT ON COMPETITION

The Commission stated in Order PSC-95-0203-FOF-TP that it is in the public interest to increase competition in intraLATA toll service. The proposed rule would codify that Order and competition should increase for that service.

#### IMPACT ON EMPLOYMENT

As market share decreases for LECs in intraLATA toll service, they may have to decrease their workforce. Northeast estimated that adoption of the proposed rule would probably result in a 5%-10% decrease in its workforce over the next couple of years, if not sooner. On the other hand, competitors that pick up market share may have to increase their workforce which would balance out the LEC decrease. With a given level of technology, there should be no



significant net change in employment.

METHODOLOGY

Data requests were sent to the affected companies. Data collected during the investigation into intraLATA presubscription were reviewed and incorporated into this analysis. Discussions were held with Commission legal and communications staff. Standard microeconomic analysis was used to determine the impact.

CBH:tf/e-ixcpre