

FLORIDA PUBLIC SERVICE COMMISSION  
FLETCHER BUILDING  
101 EAST GAINES STREET  
TALLAHASSEE, FLORIDA 32399-0850

M E M O R A N D U M

MARCH 12, 1992

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [CIMERMAN] *RLC GB SAS RNT*  
DIVISION OF LEGAL SERVICES [GREEN, HATCH] *UJ R*

RE : DOCKET NO. 910022-TL-EAS - RESOLUTION BY BRADFORD COUNTY  
COMMISSION REQUESTING EXTENDED AREA SERVICE WITHIN  
BRADFORD COUNTY AND BETWEEN BRADFORD COUNTY, UNION COUNTY  
AND GAINESVILLE

DOCKET NO. 880069-TL - PETITION OF SOUTHERN BELL  
TELEPHONE AND TELEGRAPH COMPANY FOR RATE STABILIZATION  
AND IMPLEMENTATION ORDERS AND OTHER RELIEF

AGENDA: MARCH 24, 1992 - CONTROVERSIAL - PROPOSED AGENCY ACTION  
- PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

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CASE BACKGROUND

**Genesis of this docket:**

The Bradford County Board of Commissioners filed a resolution requesting implementation of EAS within Bradford County and between Bradford County, Union County and Gainesville. Bradford County contains all or part of the Brooker, Keystone Heights, Lawtey, Melrose, Starke, and Waldo exchanges. Union County contains the Lake Butler and Raiford exchanges and a very small portion of the Lake City exchange.

**Exchange information:**

ALLTEL serves the Brooker, Lake Butler, Melrose, Raiford, and Waldo exchanges. Centel serves the Lawtey and Starke exchanges. Southern Bell serves the Gainesville, Keystone Heights and Lake City exchanges. The Brooker, Gainesville, Keystone Heights, Melrose and Waldo exchanges are located in the Gainesville LATA. The Lake Butler, Lake City, Lawtey, Raiford, and Starke exchanges are located in the Jacksonville LATA.

**Pertinent orders:**

Order No. 24208, issued 3/8/91, required the companies to conduct traffic studies. Order Nos. 24537 and 24538 issued 5/15/91 granted ALLTEL and Southern Bell an extension of time to file the traffic studies. ALLTEL and Southern Bell requested confidential treatment of the interLATA traffic data which they filed. Southern Bell's request was granted by Order No. 24685 issued June 20, 1991, and ALLTEL's request was granted by Order No. 24754 issued July 3, 1991. Order No. 25566, issued 1/6/92, required implementation of a \$.25 message rate on various routes considered in this docket.

**Purpose of this recommendation:**

The purpose of this recommendation is to address two subsequent pleadings. Southern Bell filed a Limited Protest of Certain Portions of Order No. 25566. ALLTEL filed a Request for Extension of Time in which to implement the \$.25 message rate between Brooker and Starke, and between Brooker and Lawtey. The pleadings were filed 1/21/92 and 2/18/92 respectively.

## DISCUSSION OF ISSUES

**ISSUE 1:** What action should be taken on Southern Bell's Limited Protest of Certain Portions of Order No. 25566?

**RECOMMENDATION:** The Commission should grant Southern Bell's motion. However, if issue 3 is approved, the Commission should now order that any revenue impact and associated costs of this recommendation on Southern Bell should be calculated after the plan has been implemented for six months, so as to account for stimulation. The impact should be applied to the EAS set-aside in Docket No. 880069-TL.

### **STAFF ANALYSIS:**

#### **Background:**

Order No. 20162 in Docket No. 880069, Southern Bell's rate stabilization docket, set aside an annual sum of \$10 million to offset the revenue impacts of implementation of optional extended area service (OEAS) on certain routes identified in the order. Since the revenue impacts of implementing OEAS have not completely offset the set aside amount, the Commission has allowed the revenue impacts of additional EAS routes to be applied as offsets.

#### **Previous history:**

In the dockets in which the Commission has approved applying revenue impacts to the set-aside amount, only the actual revenue impact, without accounting for stimulation or facilities costs, has been applied. In discussing this docket at the 12/3/91 agenda conference the Commission suggested that it may be appropriate to consider stimulation when applying the revenue impact to the set-aside amount. The Commission, however, did not vote on a specific issue which contemplated including stimulation. In fact, there was no issue which considered applying the revenue impact to the EAS set-aside. Rather, a representative of Southern Bell addressed the Commission at that agenda conference and asked that any revenue impact be applied to the set-aside. The Commission, after discussing the possibility of including stimulation, voted to approve the offset request. The vote, however, did not specifically address the issue of including stimulation.

#### **Order Requirements:**

Order No. 25566 states "[W]e shall approve Southern Bell's request that any revenue reduction be applied to its EAS offset amount, to the extent that there is any actual revenue reduction after stimulation." [at p. 7]

#### **Southern Bell's Motion:**

In its motion Southern Bell claims the staff recommendation did not contain any issue concerning the application of any revenue offset against the set-aside amount. Southern Bell's motion claims that although the Commission discussed applying the revenue impact

to the EAS set-aside, and discussed the idea of including stimulation in that revenue impact, the Commission never actually voted to do so. "Nevertheless, both the vote sheet and Order No. 25566 set forth the direction that any revenue offset will be applied after taking into account the affect of any stimulation of calling as a result of the alternative toll plan. Southern Bell believes that the vote sheet and the order are to that extent in error." (motion at p. 2) The motion further states "Southern Bell does not wish at this time to protest any decision with regard to whether any revenue reduction should or should not be applied after stimulation. Southern Bell only wishes to request that this matter be considered at the time it applies for any such offset in Docket No. 880069-TL."

A review of the transcripts of the December 3 agenda conference shows that, in fact a motion to approve staff's recommendation had been made and seconded. A Southern Bell representative then asked whether the revenue impact of the recommendation could be applied to the EAS set-aside amount. The Commission mentioned that perhaps stimulation should be included in the revenue impact, and after a brief discussion voted on the original motion. However, the original motion was never modified to include the revenue impact issue.

**Recent EAS dockets involving Southern Bell:**

Staff took the Commission's comments regarding stimulation, at the December 3, 1991 agenda conference, into account in formulating the next EAS recommendation which involved Southern Bell. After consideration staff concluded that six months after implementation of the \$.25 plan should be sufficient to capture a large part of the associated stimulation. On that basis staff recommended, in Docket No. 910528-TL Putnam County EAS, that the revenue impact of the recommended \$.25 plan be calculated after the plan had been in place for six months. That docket came before the Commission at the February 4, 1992 agenda. A Southern Bell representative addressed the Commission and stated that in past offsets to the set-aside amount facilities costs and other associated costs were not recognized, but that stimulation helped defray these costs. Therefore, the company argued that if stimulation were taken into account, associated costs should also be recognized. The Commission agreed.

Docket No. 910763-TL, St. John's County EAS, came before the Commission at the February 18, 1992 agenda. In that docket staff recommended, and the Commission agreed, that the revenue impact of the approved plan should be calculated six months after the plan had been implemented and that associated costs of the plan could be applied to the offset.

**Recommendation:**

Southern Bell's motion should be granted. However, in keeping with the Commission's vote in the two EAS dockets mentioned above

staff believes it is appropriate to order that Southern Bell should follow the same procedure regarding the EAS set-aside. More specifically, Southern Bell should be ordered to take stimulation into account by calculating the revenue impact of the previously ordered plan six months after implementation of the plan. That impact plus any associated costs of implementation should be applied to the EAS set aside in Docket No. 880069-TL.

**ISSUE 2:** What action should be taken on ALLTEL's request for Extension of Time?

**RECOMMENDATION:** No action need be taken. Southern Bell's protest of Order No. 25566 renders the request moot, since the previously ordered implementation date is no longer in effect.

**STAFF ANALYSIS:**

**Order requirements:**

Order No. 25566 required implementation of a \$.25 message rate between Brooker and Starke, between Brooker and Lawtey, and between several other exchanges. This rate was to be implemented by July 27, 1992 (six months from the expiration of the protest period).

**Reason for request for extension of time:**

ALLTEL's Brooker exchange is scheduled to become digital in September 1992. ALLTEL states that a \$.25 message rate cannot be implemented until the digital equipment is in place because the present equipment is unable to measure usage. ALLTEL believes that an October 1, 1992 implementation date will allow sufficient time to comply with the Commission's order.

**Recommendation:**

Staff concurs with ALLTEL's stated reasons for their request and would recommend the implementation date be extended to October 1, 1992 for the Brooker/Starke and Brooker/Lawtey routes. However, Southern Bell's protest of Order No. 25566 render's the request moot, since the previously ordered implementation date is no longer in effect. If the Commission approves issue 3, to reaffirm all other aspects of the original Order the six months allowed for implementation will go beyond the requested October 1, 1992 date. Therefore, no action need be taken on Alltel's request.

**ISSUE 3:** What action should be taken on the remainder of the Commission's original decision?

**RECOMMENDATION:** The Commission should reaffirm all other aspects of their decision in Docket No. 910022-TL.

**STAFF ANALYSIS:** Southern Bell's pleading, although styled as a "limited protest" has the effect of a protest of the entire order, because all of the issues were voted together, without a severability clause. This means that all of the decisions in Order No. 25566 must be voted on again if the Commission wishes to proceed with its original decision.

Southern Bell's limited protest, and Alltel's request for extension of time do not have any material effect on the remaining aspects of the Commission's original decision in this docket. Therefore, the Commission should reaffirm all other aspects of their original decision.

**ISSUE 4:** Should Docket No. 910022-TL be closed?

**RECOMMENDATION:** Yes, Docket No. 910022-TL should be closed, after the expiration of the protest period, if no protest is timely filed.