

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

November 9, 1993

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [SHELPER, WIDELL, BOYD] ^{SB} RNT TW
DIVISION OF LEGAL SERVICES [MURPHY] ^{TM FL}

RE : DOCKET NO. 921193-TL - EAS - REQUEST BY PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE (EAS) BETWEEN ALL EXCHANGES IN PALM BEACH COUNTY.

AGENDA: NOVEMBER 23, 1993 - REGULAR AGENDA - PARTIES MAY PARTICIPATE - PROPOSED AGENCY ACTION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: THIS DOCKET WAS DEFERRED FROM THE 10/19/93 AGENDA. THE ORIGINAL RECOMMENDATION HAS NOT CHANGED; HOWEVER A SUPPLEMENT TO THAT RECOMMENDATION IS INCLUDED WITH THIS FILING.

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SUPPLEMENT

At the October 19, 1993 agenda, the Commission deferred this item pending the clarification of the costs associated with implementation of EAS on the routes at issue, and the clarification of the EAS additives in the Primary Recommendation in Issue 2. This supplement provides additional information.

Current EAS rules are silent regarding cost, unless a hearing is requested (Rule 25-4.061(2)). The previous rule provided that;

the requested service may still be implemented provided that the entire incremental cost for the new service, less any additional revenues generated by regrouping and either or both exchanges, shall be borne by the subscribers of the petitioning exchange. (Rule 25-4.062(4))

The previous rule was deleted with the approval of the current EAS rules on October 5, 1992. Historically, because full recovery of

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the cost (facility additions, directory updates and operator services) would result in unacceptably high rates to customers, the Commission waived the previous cost rule in every EAS docket for which nonoptional, flat rate, two-way EAS has been approved. In addition, it was difficult to determine and identify proper costs. It is this reasoning that lead to the removal of the cost recovery language in the EAS rules.

The Primary Recommendation in Issue 2 is not an attempt to recover costs, but a method of recovering some of the lost revenues from the cost causers instead of the general body of Southern Bell ratepayers ("Cost" recovery was not even considered in this recommendation). Generally, toll revenue loss is the single largest impact associated with EAS. It is also the easiest to determine and can be broken out on a route by route basis. This enables staff to identify the lost toll revenue and determine an appropriate additive.

The purpose of the toll recovery additive is to recover part of the lost toll revenue (approximately \$6.2 million annually) from the cost causers. Without the toll recovery additive, the \$6.2 million will have to be recovered in the Southern Bell Rate Case. In other words, there will be \$6.2 million less to spend that might have been earmarked to reduce access, toll charges or some other service that could benefit the whole body of ratepayers not just the Palm Beach County subscribers.