

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by the Volusia County Council for extended area service between the Sanford exchange (Osteen and Deltona) and the Orange City and Deland exchanges)	DOCKET NO. 910029-TL
)	ORDER NO. 24938
)	ISSUED: 8/20/91
)	

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL McK. WILSON

PROPOSED AGENCY ACTION ORDER
GRANTING ALTERNATIVE TOLL PLAN TO SANFORD,
ORANGE CITY AND DELAND SUBSCRIBERS

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

I. BACKGROUND

This docket was initiated pursuant to a resolution passed by the Volusia County Board of Commissioners. The resolution requested implementation of EAS service between the Sanford exchange (specifically the communities of Osteen and Deltona) and the Orange City and Deland exchanges. The Sanford and Deland exchanges are served by Southern Bell Telephone and Telegraph Company and the Orange City exchange is served by United Telephone Company. The Deland exchange is located in the Daytona Beach LATA while the Sanford and Orange City exchanges are located in the Orlando LATA. Order No. 24148, issued February 22, 1991, required the Local Exchange Companies (LECs) to conduct traffic studies on these routes. Because the Sanford/Deland route is an interLATA route Southern Bell requested, and was granted, confidential treatment for that traffic study data.

The Sanford exchange is split between Seminole County and Volusia County. The Volusia County pocket of the Sanford exchange contains the community of Osteen and part of the community of Deltona, which were the primary interest of the Volusia County Board of County Commissioners. Deltona is split between the Sanford, Orange City and Debary exchanges. The Volusia County pocket of the Sanford exchange contains approximately 12,580 or

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4,944 of the 39,628 access lines in the Sanford exchange. Demographic information on the affected exchanges is presented below.

Deland Exchange

The Deland exchange serves some 133 square miles in West Volusia County. This area of the County, unlike other parts, is dependent upon agriculture, manufacturing and Stetson University, rather than the tourist industry, for its economic base. Also, the County seat is located here.

Due to the large amount of vacant buildable property, growth in both residential and business lines should be strong in the short term forecast periods. The overall growth of Deland is, and will continue to be, influenced by the Northward trend of metropolitan Orlando. The long term gain will reflect a significant increase due to this trend.

Deland subscribers would have a moderate amount of interest with Sanford because there are some people who live in Deland but work in Sanford, though not a high number.

Sanford Exchange

The Sanford exchange serves some 178 square miles of Northern Seminole County and is conveniently close to Orlando's industry and attractions, Daytona Beach, and the space coast. Sanford (Pocket) also lies partially in Volusia County.

There are approximately 24,000 households in the exchange with a population of 62,000. The public school district is currently the fastest-growing system in Florida with a projection of 75,000 students by 1997. The County's population is projected to surpass 400,000 by 2005.

While tremendous growth surrounds Sanford, the community has established a solid economic base which balances agricultural production and agri-business with light manufacturing. It is fully supported by planned industrial park developments, complete transportation facilities including Land, rail, air and water, plus substantial financial resources.

Sanford customers in Volusia County would have a high community of interest with Deland because Deland is the County seat of Volusia County. The Seminole County portion of Sanford would have virtually no community of interest with Deland.

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There is little community of interest from Sanford toward Orange City, a small community to the North in Volusia County. There are a few businesses in Orange City that would have appeal to those Sanford residents living in Volusia County.

Orange City Exchange

The Orange City exchange is made up of three communities, which are Lake Helen, Deltona, and Orange City. The economy is primarily service related with several light industries employing a number of the residents.

Orange City

There are two major thoroughfares which traverse Orange City. Interstate 4 has an on/off ramp which exits directly into Orange City to the west and into Deltona to the east. The other highway is US 17-92 which runs through the center of Orange City. Orange City is the most diversified of the three communities. Commercial activities include tourism at a state park, antique stores, strip shopping centers and several restaurants and fast food stores. Consultants employed by Orange City say that the nature of the population is changing from retirees to younger working families. As this happens, mobile homes will decrease in favor of conventionally-built single family and multiple-unit dwellings. Orange City's affordable housing, small town atmosphere, and continued commercial development should keep this area growing.

Lake Helen

The City of Lake Helen is located in the southwest section of Volusia County. Lake Helen, a community of approximately 2500, savors its small town atmosphere and historical character, and the city leaders have taken steps to preserve it. Several years ago, minimum lot requirements were raised to one-third of an acre. The city is dependent upon neighboring communities for most of its commercial needs. There is a minimal amount of building occurring in this area, therefore, growth and development are expected to remain slow but steady.

Deltona

United Telephone serves the northern half of the Deltona area. The majority of subscribers are residential. Deltona, which was originally created as a Planned Unit Development in 1962, began as a popular retirement area. Over the last 25 years, it has evolved into a bedroom community for Seminole and Orange Counties. Young

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families have moved into Deltona to take advantage of inexpensive land and a variety of new housing developments. Very few commercial ventures such as shopping centers, restaurants, and medical facilities are located in Deltona. Most of the residents travel to either Sanford or Orlando for these services. Expected improvements in roads and additional access to Interstate 4 and the affordability of housing will keep this area growing for some time to come.

II. DISCUSSION OF ISSUES

The intraLATA calling rates for the Sanford/Orange City route are presented below. The interLATA calling rates for the Sanford/Deland route have been granted confidential treatment and, therefore, are not set forth in this Order. None of the routes qualify for nonoptional, flat rate, two way toll free calling. Rule 25-4.060(2), Florida Administrative Code requires a two-way calling rate of two (2) M/M/Ms or greater with at least 50% of the exchange subscribers making two (2) or more calls per month. Alternatively, a one-way calling rate of three (3) M/M/Ms or greater with at least 50% of the exchange subscribers making calls per month is adequate if the petitioning exchange is less than half the size of the exchange to which EAS is sought.

INTEREXCHANGE CALLING RATES		
ROUTE	CALLING RATE M/M/M	CUSTOMERS MAKING 2+ CALLS PER MONTH
Sanford to Orange City	Not Available	Not Available
Sanford (Pocket) to Orange City	3.76	28%
Orange City to Sanford	3.30	33%
Orange City to Sanford (pocket)	1.04	14%

A traffic study was not performed on the Sanford to Orange City route for the Sanford exchange as a whole, as required by Order No. 24148. We find that this failure is de minimus since the traffic from the exchange as a whole would likely have been less than the traffic from the pocket exchange.

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Confidential treatment has been granted for the interLATA traffic studies in this Docket. Therefore, the actual calling volumes for the routes studied have not been disclosed in this Order.

The Volusia County pocket of the Sanford exchange exhibits calling volumes which would qualify for traditional EAS to Orange City under the Commission's rules. However, the percentage of customers making two or more calls on this route is below the threshold requirement for a survey for traditional EAS. Similarly, the Orange City exchange exhibits calling volumes to the entire Sanford exchange which would qualify for traditional EAS under the Commission's rules. But again, the percentage of customers making two or more calls on this route is below the threshold requirement for a survey for traditional EAS.

The Sanford/Orange City route had greater traffic than the Sanford/Deland route. In fact, the calling volumes on the Sanford/Deland route, for the entire exchange and the pocket, were below the threshold for traditional EAS. However, after discussion with the LECs, and the Volusia County Director of Communications, we find that the FX lines in place from Sanford to Orange City are in place so that calls may be made to and from Deland. Since Orange City has EAS to Deland, and since FX lines are priced on a distance sensitive basis, and since Sanford to Deland is an interLATA route, any subscriber who would otherwise purchase an FX line from Sanford to Deland would purchase an FX line from Sanford to Orange City instead. Thus, we find that the traffic data on the Sanford/Deland route is repressed.

Similarly, Volusia County has a remote call forwarding arrangement so that residents of the Volusia County pocket of the Sanford exchange may place toll-free calls to certain County offices in Deland. Although Debary/Deland traffic was not measured, based on anecdotal evidence, we understand that this particular arrangement receives very heavy usage. We find that adding the calls on these lines to the Sanford/Orange City FX calls, and to the traffic measured in the traffic study on the Sanford/Deland route would more than double the measured traffic.

From rate center to rate center, the Sanford exchange is 16 miles from the Deland exchange. The Volusia County pocket of the Sanford exchange is closer to Deland than 16 miles, although we do not know the exact distance. Inasmuch as Deland is the County seat of Volusia County, and the Volusia County pocket of the Sanford exchange is relatively close to Deland, we find that there is a significant community of interest between these two exchanges.

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In several recent dockets this Commission has ordered the \$.25 plan as an alternative to traditional EAS. This plan has gained favor for several reasons. Among them are its simplicity, its message rate structure, and the fact that it can be implemented as a local calling plan on an interLATA basis. Optional EAS plans, particularly OEAS plans, are somewhat confusing to customers, the additives or buy-ins are generally rather high, and the take rates for most OEAS plans are rather low. This Commission has expressed concern that when Toll-PAC is implemented, a three minute message will still have a substantial cost to the customer. For example, in the peak period a three minute message from Sanford to Deland would only be reduced from \$.585 to \$.41. However, a more important reason in this particular instance is that the \$.25 plan ---which converts the traffic to local status, and absent technical problems, may be implemented on a seven digit basis---is feasible for interLATA routes whereas most other usage sensitive alternatives to EAS are feasible only for intraLATA routes.

We find that the \$.25 plan is appropriate for both the Sanford/Orange City route and the Sanford/Deland route. The \$.25 plan means that all toll traffic on these routes will be reclassified as local and be message rated at \$.25 per message regardless of the duration of the call. Customers may make an unlimited number of calls at \$.25 per call. Due to technical considerations involving a code conflict, the Sanford to Orange City route must be dialed on a one plus ten digit basis. Since the routes are being implemented at the same time, and in order to avoid end user confusion, we find that both of the routes should be implemented two way on a one plus ten digit basis. The calls will be handled by pay telephone providers as any other local call. The implementation of this plan shall be accomplished within 3 months of the date on which this Order becomes final.

Inasmuch as the traffic studies reflect sufficient community of interest to warrant implementation of an alternative to toll rates, and the alternatives approved in this Order do not consider the costs in order to set the rates, the LECs shall not be required to make the cost studies required by Rule 25-4.061, Florida Administrative Code.

Under EAS rules, in situations where the qualification for EAS relies on the calling interest of the petitioning exchange as well as subscriber approval of the plan, recovery of costs is assigned as follows:

[T]he requested service may still be implemented, provided that the entire incremental cost for the new service, less any

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additional revenues generated by regrouping in either or both exchanges, shall be borne by the subscribers of the petitioning exchange. Rule 25-4.062(4), F.A.C.

Therefore, on any two-way plan, according to the Rule, the subscribers in the petitioning exchange should bear the burden and the telephone company will recover the costs in whatever manner the Commission deems.

It has been shown in every EAS docket for which cost information has been submitted, that full recovery of cost would result in unacceptably high rates to customers. (See e.g., Docket No. 870436-TL, Hastings-St. Augustine EAS). For this reason, the Commission has waived this Rule 25-4.062(4), F.A.C. in every EAS docket for which traditional EAS has been approved. In the instant case, we find that full recovery of costs also would result in unacceptably high rates to customers.

As this resolves the issues before the Commission we find that Docket No. 910029-TL shall be closed. Our staff shall place the matter on monitor status to ensure that United and Southern Bell make the necessary tariff revisions and comply with the implementation date.

Based upon the foregoing it is

ORDERED by the Florida Public Service Commission that each and every specific finding in the body of this Order is reaffirmed in every respect. It is further

ORDERED that the calling rates between the Sanford and Deland exchange and the Sanford and Orange City exchange do not qualify for nonoptional, flat rate, two-way toll free calling. It is further

ORDERED that Calls between the Sanford exchange and the Orange City and Deland exchanges shall be rated at \$.25 per call, regardless of call duration. These local calls shall be furnished on a one plus ten digit basis. Non-LEC pay telephone providers will charge end users as if these calls were local \$.25 calls, and the providers will pay the standard measured usage rate to the LEC. It is further

ORDERED that the implementation shall be completed within 3 months of the date on which this Order becomes final. It is further

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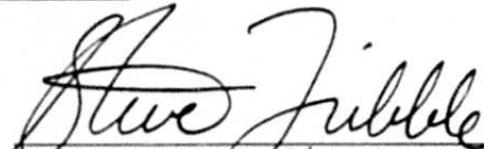
ORDERED that United Southern Bell shall implement this change within three (3) months of the date in which this proposed agency action becomes final. Southern Bell shall immediately seek a waiver of the MFJ from Judge Greene to carry the traffic on the interLATA routes. It is further

ORDERED that we hereby waive Rule 25-4.061, Florida Administrative Code, and do not require United and Southern Bell to conduct cost studies on these routes. It is further

ORDERED that the toll alternative plan shall not require full recovery of costs and lost revenues, including incremental costs. To this end, Rule 25-4.062(4). Florida Administrative Code is waived. It is further

ORDERED that Docket No. 910029-TL shall be closed at the end of the protest period set forth below if no protest is timely filed. Our staff shall place this matter on monitor status to ensure that United and Southern Bell submit appropriate tariff revisions and comply with the implementation date.

By ORDER of the Florida Public Service Commission, this 20th
day of AUGUST, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that

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is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 9/10/91.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the effective date of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.