

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 21, 1991

TO : DIRECTOR OF RECORDS AND REPORTING *NYC SAS qb*

FROM : DIVISION OF COMMUNICATIONS [CIMERMAN, O'PRY, WIDELL] *EW*  
DIVISION OF LEGAL SERVICES [GREEN] *CRB TR*

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

AGENDA: DECEMBER 5, 1991 - CONTROVERSIAL - PROPOSED AGENCY ACTION  
- PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

CASE BACKGROUND

This docket was initiated pursuant to a resolution passed by the Bradford County Board of Commissioners. The petition requested 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. 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 while the Lake Butler, Lake City, Lawtey, Raiford, and Starke exchanges are located in the Jacksonville LATA. Attachment A is a map of the involved exchanges. Order No. 24208, issued March 8, 1991 required the three companies to conduct traffic studies on these routes. By Order Nos. 24537 and 24538 issued May 15, 1991 ALLTEL and Southern Bell, were granted an extension of time to file the required 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. Attachment B contains pertinent exchange data.

DOCUMENT NUMBER-DATE

11633 NOV 21 1991

FPSC-RECORDS/REPORTING

**DISCUSSION OF ISSUES**

**ISSUE 1:** Do the calling rates on any of the toll routes within Bradford County or between Bradford County, Union County and Gainesville qualify for nonoptional, flat rate, two-way toll free calling? (Refer to Table 1 for a list of routes)

**RECOMMENDATION:** No, the calling rates on the toll routes within Bradford County and between Bradford County, Union County and Gainesville do not qualify for nonoptional, flat rate, two-way toll free calling.

**STAFF ANALYSIS:** The calling rates for all of the routes at issue in this docket are listed below, except for those interLATA routes which have been granted confidential treatment. ALLTEL, and Southern Bell requested, and were granted confidential treatment for interLATA traffic data which was filed in this docket. Centel did not request confidentiality for the interLATA traffic data which they supplied. The calling rates for the interLATA routes which have been granted confidentiality have not been presented in this recommendation. The data, however, is available for review by the Commissioners. None of the routes qualify for nonoptional, flat rate, two way toll free calling. Rule 25-4.060(2), F.A.C. requires a two-way calling rate of two (2) M/M/Ms or greater with at least 50% of the exchange subscribers making one (1) 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 two (2) or more calls per month is adequate if the petitioning exchange is less than half the size of the exchange to which EAS is sought. The calling rates on the routes under consideration are as follows:

TABLE 1

INTEREXCHANGE CALLING RATES		
TO/FROM	CALLING RATE M/M/M	CUSTOMERS MAKING 2+ CALLS PER MONTH
Brooker/Keystone Heights	.70	10.18%
Brooker/Lawtey	confidential	confidential
Brooker/Melrose	.37	5.30%
Brooker/Raiford	confidential	confidential
Brooker/Starke	confidential	confidential
Gainesville/Keystone Heights*	.29	3.56%

**INTEREXCHANGE CALLING RATES**

<b>TO/FROM</b>	<b>CALLING RATE M/M/M</b>	<b>CUSTOMERS MAKING 2+ CALLS PER MONTH</b>
Gainesville/Lawtey*	confidential	confidential
Gainesville/Raiford*	confidential	confidential
Gainesville/Starke*	confidential	confidential
Keystone Heights/Brooker	.19	2.17%
Keystone Heights/Gainesville	8.24	46.17%
Keystone Heights/Lake Butler	confidential	confidential
Keystone Heights/Lawtey	confidential	confidential
Keystone Heights/Raiford	confidential	confidential
Keystone Heights/Waldo#	.57	7.00%
Lake Butler/Keystone Heights	confidential	confidential
Lake Butler/Lake City	5.74	47.47%
Lake Butler/Lawtey	.32	4.81%
Lake Butler/Melrose	confidential	confidential
Lake Butler/Starke	5.06	41.43%
Lake Butler/Waldo	confidential	confidential
Lawtey/Brooker	.28	4.37%
Lawtey/Gainesville	2.99	38.12%
Lawtey/Keystone Heights	.87	12.67%
Lawtey/Lake Butler	.97	13.68%
Lawtey/Melrose	.14	2.24%
Lawtey/Waldo	.89	10.20%
Melrose/Brooker	.16	1.79%
Melrose/Lake Butler	confidential	confidential
Melrose/Lawtey	confidential	confidential
Melrose/Raiford	confidential	confidential
Melrose/Starke	confidential	confidential
Raiford/Brooker	confidential	confidential
Raiford/Gainesville	confidential	confidential
Raiford/Keystone Heights	confidential	confidential

INTEREXCHANGE CALLING RATES		
TO/FROM	CALLING RATE M/M/M	CUSTOMERS MAKING 2+ CALLS PER MONTH
Raiford/Lake City	1.67	24.61%
Raiford/Melrose	confidential	confidential
Raiford/Waldo	confidential	confidential
Starke/Brooker*	.57	7.52%
Starke/Gainesville	4.75	47.45%
Starke/Lake Butler*	1.38	17.60%
Starke/Melrose	.46	6.22%
Starke/Waldo*	1.10	16.08%
Waldo/Keystone Heights#	1.51	18.87%
Waldo/Lake Butler	.40	6.36%
Waldo/Lawtey	.43	5.34%
Waldo/Raiford	.11	1.69%
Waldo/Starke	confidential	confidential

Shading signifies routes for which some form of EAS is recommended.

\* Routes which are the reverse direction of a one-way route which qualifies for some form of EAS.

# Routes which would be leapfrogged.

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**ISSUE 2:** Should any alternative plan be offered on any of the toll routes within Bradford County or between Bradford County, Union County and Gainesville.

**RECOMMENDATION:** Yes. Calls on the Brooker/Starke, Keystone Heights/Gainesville, Keystone Heights/Waldo, Lake Butler/Lake City, Lake Butler/Starke, Lawtey/Gainesville, Raiford/Gainesville, Starke/Gainesville, and Waldo/Starke routes shall be rated at \$.25 per call, regardless of call duration. These calls shall be furnished on a seven-digit basis. Non-LEC pay telephone providers shall charge end users as if these calls were local \$.25 calls, and the providers will pay the standard measured usage rate to the LEC. ALLTEL, Centel and Southern Bell should be ordered to implement this change within six (6) months of the final order in this docket. Southern Bell should immediately seek a waiver of the MFJ from Judge Greene to carry the traffic on the interLATA routes.

**STAFF ANALYSIS:** Confidential treatment has been granted for the interLATA traffic studies in this docket. Therefore, the actual calling volumes for the interLATA routes studied have not been provided in this recommendation. Staff will provide the traffic study results to the Commissioners upon request.

The Brooker to Starke, Keystone Heights to Gainesville, Lake Butler to Lake City, Lake Butler to Starke, Lawtey to Gainesville, Raiford to Gainesville, Starke to Gainesville, and Waldo to Starke routes exhibit calling volumes which would qualify for traditional EAS under the Commission's rules. However, the percentage of customers making two or more calls on these routes is below the threshold requirement for a survey for traditional EAS. Staff recommends that should any EAS alternative be implemented on these routes, such alternative be implemented on a two-way basis. Specifically, as outlined below, staff recommends that the \$.25 plan be implemented, in both directions, on the routes listed above. In addition, staff recommends that the \$.25 plan be implemented on the Keystone Heights/Waldo route since this route would be leapfrogged by the Gainesville/Keystone Heights route.

Staff recommends that no EAS alternative be implemented on the remaining routes under consideration in this docket. The calling rates on the remaining routes are relatively small. Several of the routes (e.g. Brooker/Melrose) are intracounty routes. Even so staff is recommending no EAS alternative at this time. This differs from staff's recommendation in several other countywide EAS dockets, for several reasons. If staff's recommendation is approved every Bradford County exchange would have calling to Starke, the county seat. Unlike the more rural counties where countywide EAS has been implemented (or ordered), Bradford County is relatively close to a city which offers educational facilities,

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major medical services, shopping, etc. If staff's recommendation is approved every Bradford County exchange would have calling to Starke, the county seat, and to the largest city in North Central Florida, namely Gainesville. Finally, a draft rule for countywide calling will soon come before the Commission. If that rule goes into effect the remaining intracounty routes would be served by the \$.25 plan.

In cases where calling rates and community of interest considerations were not sufficient to justify traditional EAS the Commission has considered various optional toll discount plans. The specific plan offered is generally dependent on the traffic volumes on the routes under consideration. In cases where traffic volumes are extremely low, or where community of interest factors are insufficient, the Commission has sometimes rejected any toll alternative.

In several recent dockets the Commission has ordered the \$.25 plan as an alternative to traditional EAS. Recent examples include Franklin, Jackson, Holmes, Okaloosa, and Walton Counties where the plan was ordered on a countywide basis (with the rate subsequently reduced to \$.20 per call in all but Franklin County). The plan has also been ordered recently in the Central Florida area on the Reedy Creek/Kissimmee, Mt. Dora/Orlando, Mt. Dora/Winter Park, Mt. Dora/Apopka, Sanford/Orange City, and Sanford/Deland routes.

The \$.25 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. The 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 Starke to Gainesville would only be reduced from \$.70 to \$.49 (based on ATT-C rates). However, a more important reason in this particular instance is that the \$.25 plan (which converts the traffic to local status, and is 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.

Therefore, staff recommends that the \$.25 plan be implemented on the Brooker/Starke, Gainesville/Keystone Heights, Gainesville/Lawtey, Gainesville/Raiford, Gainesville/Starke, Keystone Heights/Waldo, Lake Butler/Lake City, Lake Butler/Starke, and Starke/Waldo routes. Specifically, the \$.25 plan means that all toll traffic on these routes will be reclassified as local and

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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. These local calls will be dialed on a seven digit basis and will be handled by pay telephone providers as any other local call.

**ISSUE 3:** Should the Commission require ALLTEL, Centel and Southern Bell to conduct cost studies on these routes?

**RECOMMENDATION:** No, the Commission should waive Florida Public Service Commission (FPSC) Rule 25-4.061, Determination of Cost requirement on this EAS request and not require ALLTEL, Centel and Southern Bell to conduct cost studies on these routes.

**STAFF ANALYSIS:** Inasmuch as the traffic studies reflect sufficient community of interest to warrant implementation of an alternative to toll rates, and the alternatives being recommended in this docket do not consider the costs in order to set the rates, the companies should be relieved of the cost studies required by Commission Rule 25-4.061, Determination of Cost Requirement.

**ISSUE 4:** Should the toll alternative plan permit full recovery of costs and lost revenues, including incremental costs?

**RECOMMENDATION:** No, the toll alternative plan should not permit full recovery of costs and lost revenues, including incremental costs. Rule 25-4.062(4) should be waived.

**STAFF ANALYSIS:** Although this recommendation is for an alternative to traditional EAS, similar cost issues arise. Under EAS rules, in situations where the qualification for extended area service 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 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.

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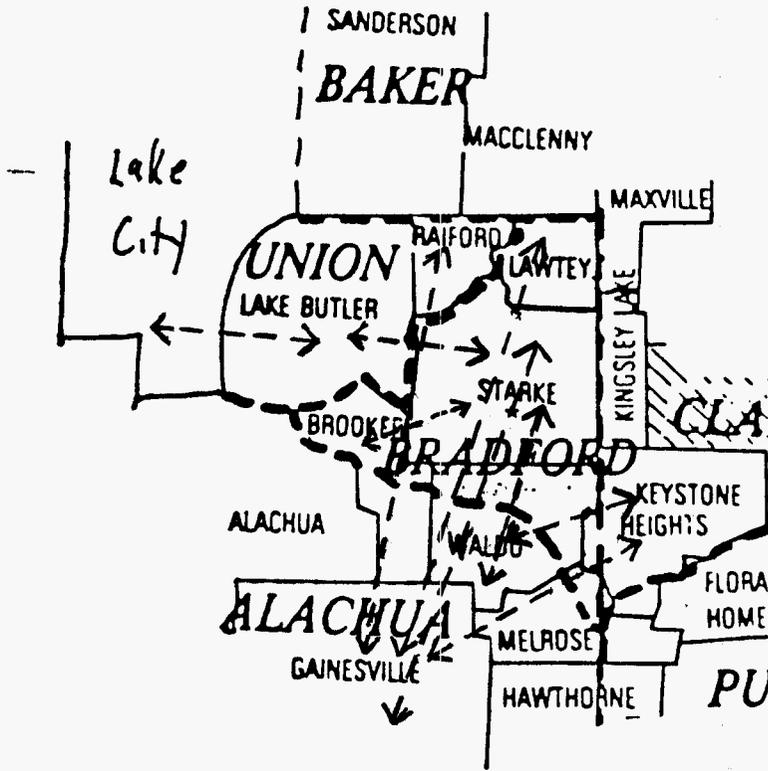
It has been shown in every EAS docket (e.g. Docket No. 870436-TL, Hastings-St. Augustine EAS) for which cost information has been submitted that full recovery of cost would result in unacceptably high rates to customers. For this reason, the Commission has waived this rule in every EAS docket for which traditional EAS has been recommended. Similarly staff believes that full recovery of costs in this case would result in unacceptably high rates to customers. Therefore, staff recommends that full cost recovery not be permitted and that Rule 25-4.062(4), F.A.C. be waived. Notwithstanding staff's recommendation that this rule be waived, staff will provide the Commissioners, and all parties to this docket, with the estimated revenue impact of this recommendation (on a route by route basis) on November 26, 1991.

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**ISSUE 5:** Should Docket No. 910022-TL be closed?

**RECOMMENDATION:** Yes. Docket No. 910022-TL should be closed. Staff should place the matter on monitor status to ensure that ALLTEL, Centel and Southern Bell makes the necessary tariff revisions and comply with the implementation date.

**STAFF ANALYSIS:** Docket No. 910022-TL should be closed with the issuance of a final order. Staff should place this matter on monitor status to ensure that ALLTEL, Centel and Southern Bell submit appropriate tariff revisions and comply with the implementation date.



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PROPOSED EAS (#.25 plan)

EXCHANGE DATA					
EXCHANGE	LEC	LATA	ACCESS LINES EAS LINES	EAS CALLING SCOPE	BASIC RATES
BROOKER	ALLTEL	Gainsvllle	924 86,673	Alachua, Gainesville, Waldo, {Starke}	R-1 \$ 9.95 B-1 \$24.70 PBX \$47.20
GAINESVILLE	SBT	Gainsvllle	79,932 101,755	Alachua, Archer, Brooker, Hawthorne, High Springs, Lake Butler, Melrose, Micanopy, Newberry, Waldo, {Keystone Heights}	R-1 \$ 8.80 B-1 \$23.85 PBX \$53.68
KEYSTONE HEIGHTS	SBT	Gainsvllle	4,577 10,849	Melrose, Starke, Florahome (661), {Gainesville}	R-1 \$ 8.10 B-1 \$21.90 PBX \$49.39
LAKE BUTLER	ALLTEL	Jcksnvllle	2,021 86,748	Alachua, Gainesville, Raiford	R-1 \$12.15 B-1 \$30.65 PBX \$60.60
LAWTEY	Centel	Jcksnvllle	962 7,208	Kingsley Lake, Raiford, Starke	R-1 \$ 6.90 B-1 \$15.55 PBX \$31.05
MELROSE	ALLTEL	Gainsvllle	2,499 91,409	Gainesville, Hawthorne, Keystone Heights, Waldo	R-1 \$ 9.95 B-1 \$24.70 PBX \$47.20
RAIFORD	ALLTEL	Jcksnvllle	462 9,229	Kingsley Lake, Lake Butler, Lawtey, Starke	R-1 \$ 9.35 B-1 \$23.40 PBX \$44.55
STARKE	Centel	Jcksnvllle	5,463 11,785	Keystone Heights, Kingsley Lake, Lawtey, Raiford	R-1 \$ 7.30 B-1 \$16.45 PBX \$32.85
WALDO	ALLTEL	Gainsvllle	1,484 84,839	Brooker, Gainesville, Melrose	R-1 \$ 9.95 B-1 \$24.70 PBX \$47.20