

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | |
|---|----------------------|
| In re: Petitions of SOUTHERN BELL) | DOCKET NO. 880069-TL |
| TELEPHONE AND TELEGRAPH COMPANY for) | |
| rate stabilization and implementation) | ORDER NO. 23200 |
| orders and other relief) | |
| _____) | ISSUED: 7-16-90 |

The following Commissioners participated in the disposition of this matter:

MICHAEL McK WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER

ORDER DENYING TARIFF FILING
AND
NOTICE OF PROPOSED AGENCY ACTION
ORDER REQUIRING IMPLEMENTATION OF ENHANCED
OPTIONAL EXTENDED AREA SERVICE

BY THE COMMISSION:

BACKGROUND

As part of the Rate Stabilization Plan approved in this docket, Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) was ordered to implement Enhanced Optional Extended Area Service (EOEAS) on twenty-one short haul, high volume, intraEAEA intracompany routes and one interEAEA route. The essence of the EOEAS plan was to introduce options for customers to select from depending upon their particular calling patterns and amount of usage. The twenty-one routes were intraEAEA routes that had calling rates of five or more messages per main station per month (M/M/M). The one interEAEA route, Boca Raton to Ft. Lauderdale, also exceeded this requirement.

Residential customers are provided five options with EOEAS:

Option 1: Maintain current service.

Option 2: Unlimited calling on an outward basis from the originating exchange to the added exchange at a flat rate based on the number of lines in the added exchange and the distance between the two involved rate centers.

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- Option 3: Provides for a 50% discount on DDD calls to the added exchange with an associated minimum charge that is based on service type and the mileage between the two involved rate centers. With this option, a customer would pay the discounted toll rate on all DDD calls to the added exchange unless the total is less than the monthly minimum charge, in which case the customer would pay the minimum.
- Option 4: Allows the customer to reduce his or her unlimited calling scope to the home exchange only by eliminating those EAS exchanges which are currently part of the local calling area. The monthly rate would be lower than the existing single party flat rate and would be based on the number of lines and trunks in the home exchange. For customers choosing this option, all calls outside the home exchange would be subject to existing toll rates.
- Option 5: Allows customers to have two-way calling by paying for inward calling from the added exchange. This option must be subscribed to in conjunction with either Option 2 or Option 3 (outward calling options). The customer who subscribes to this option would pay a flat monthly charge plus 50% of existing DDD rates on all calls received from the added exchange, in addition to the charges paid for either Option 2 or Option 3.

Business customers may subscribe to any of the options offered to residential customers, with the exception of Option 2 (flat rate unlimited outward calling option).

Rates for Option 1 are the current local service rates. The approved statewide rates for Options 2, 3, and 5 are as follows:

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OPTION 2 - FLAT RATE OUTWARD OPTION (RESIDENCE ONLY)

| <u>Access Lines in Added Exchange</u> | <u>Mileage Bands</u> | | |
|---|----------------------|--------------|--------------|
| | <u>0-10</u> | <u>11-22</u> | <u>23-55</u> |
| up to - 2,000 | \$3.65 | \$4.30 | \$ 6.85 |
| 2,001 - 7,000 | 4.00 | 4.70 | 7.50 |
| 7,001 - 22,000 | 4.30 | 5.10 | 8.15 |
| 22,001 - 55,000 | 4.55 | 5.40 | 8.60 |
| 55,001 - 120,000 | 4.90 | 5.80 | 9.25 |
| 120,001 - 195,000 | 5.20 | 6.15 | 9.80 |
| 195,001 - 280,000 | 5.50 | 6.50 | 10.35 |
| 280,001 - 375,000 | 5.75 | 6.80 | 10.85 |
| 375,001 - 450,000 | 5.95 | 7.05 | 11.25 |
| 450,001 - 550,000 | 6.15 | 7.30 | 11.65 |
| 550,001 - 700,000 | 6.30 | 7.45 | 11.90 |
| over - 700,000 | 6.45 | 7.65 | 12.20 |

OPTION 3 - DISCOUNTED TOLL OPTION

| | <u>Mileage Bands</u> | | |
|-----------|----------------------|--------------|--------------|
| | <u>0-10</u> | <u>11-22</u> | <u>23-55</u> |
| Residence | \$1.75 | \$2.20 | \$ 3.80 |
| Business | 3.50 | 4.40 | 7.60 |
| PBX/ESSX | 7.00 | 8.80 | 15.20 |

OPTION 5 - INCOMING DISCOUNTED TOLL OPTION

| | |
|-----------|--|
| Residence | \$ 4.95 (must also subscribe to Option 2 or 3) |
| Business | 10.80 (must also subscribe to Option 3) |
| PBX/ESSX | 16.20 (must also subscribe to Option 3) |

Option 4 (the dropback option) rates vary from route to route. For most routes, the rate for Option 4 is equal to the flat rate associated with the number of lines and trunks in the home exchange only, rather than the number of lines and trunks in the current local calling area, which includes the home exchange plus any other exchanges to which the home exchange currently has EAS. In other words, the amount of regrouping charges associated with

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the addition of other exchanges to the home exchange is subtracted from the customer's current rate for basic local service to arrive at the Option 4 rate. If the number of lines and trunks in the added exchange(s) is not enough to cause a change in rate groups, the Option 4 rate is set halfway between the current rate group and the next lower rate group.

I. TARIFF DENIAL

On April 20, 1990, Southern Bell filed its tariff revisions (T-90-151) to provide EOEAS for seven additional routes, to become effective June 20, 1990. The Company submitted its filing based upon the criteria previously approved in this docket: five or more M/M/MS. The routes and M/M/MS are as follows:

| <u>FROM</u> | <u>TO</u> | <u>M/M/MS</u> |
|------------------|--------------------|---------------|
| Ft. George | Jacksonville Beach | 8.07 |
| Key Largo | Miami | 6.21 |
| Sunny Hill | Panama City Beach | 5.86 |
| Keystone Heights | Gainesville | 5.48 |
| Oak Hill | Daytona Beach | 5.41 |
| Munson | Pensacola | 5.35 |
| Trenton | Gainesville | 5.29 |

By our action herein, we are denying the tariff as filed by Southern Bell. We believe that certain changes need to be made in the tariff for each of the routes for which EOEAS has been proposed by the Company. Those changes are discussed in the context of our proposed action as outlined below and include another route for which we believe EOEAS is also appropriate.

II. PROPOSED AGENCY ACTION

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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

Southern Bell's tariff filing would have implemented EOEAS on the seven routes shown in Section I above. We believe EOEAS should be offered on six of those seven routes, with EOEAS consideration

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deferred on the Munson to Pensacola route, pending the outcome of the nonoptional, flat-rate, two-way calling requested on this route in Docket No. 900139-TL. For the remaining six routes, we believe that certain changes need to be made.

First, we shall require that Toll-Pac, a discount optional plan existing for three of the affected areas and providing a thirty percent (30%) discount on the otherwise applicable Direct Distance Dialed (DDD) rates, be deleted. The EOEAS plan has either the residential flat rate monthly charge or the discounted plans offering a fifty percent (50%) discount in the DDD rates.

Second, we shall require that some filings which ignored intermediate exchanges be amended to include them. Specifically, Perrine and Homestead were not included in the Key Largo to Miami EOEAS proposal, yet these routes lie between the two areas and should be included. Their inclusion will not affect the rates.

In addition, Lynn Haven was not included in the Company's Sunny Hills to Panama City Beach EOEAS proposal and it should be included. Once included, it impacts the proposed residence flat rate. The proposed rate for Sunny Hills was \$8.15 and by including Lynn Haven, the rate will increase to \$8.60. This increase is as a result of Lynn Haven's additional 7,672 access lines, which places the total number of access lines into the next higher rate group.

Newberry was not included on the route from Trenton to Gainesville and we shall require it to be included. Adding Newberry will not affect the rates.

We also believe EOEAS should be required from Newberry to Trenton because the traffic study in Docket No. 870790-TL showed calling rates of 5.44 M/M/Ms from the Newberry pocket in Gilchrist County and 4.09 from the entire Newberry exchange. Adding this new route will provide some toll relief for Newberry subscribers in Gilchrist County by allowing them to call their county seat (Trenton).

In summary, we propose the following changes to the tariffs filed by Southern Bell. The Company shall submit a revised tariff no later than June 12, 1990, to become effective on June 20, 1990.

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1. Route 1 from Ft. George to Jacksonville Beach: Approved as submitted; however, cancellation of Toll-Pac in Section A3.8.49 of the General Subscriber Service Tariff is required.
2. Route 2 from Key Largo to Miami: Intermediate routes of Homestead and Perrine to Miami shall be included at the same rates as submitted.
3. Route 3 from Sunny Hills to Panama City Beach: Intermediate route of Lynn Haven to Panama City Beach shall be included at the same rates, except the residence flat rate shall be \$8.60 instead of \$8.15.
4. Route 4 from Keystone Heights to Gainesville: Approved as submitted; however, cancellation of Toll-Pac in Section A3.8.32 of the General Subscriber Service Tariff is required.
5. Route 5 from Oak Hill to Daytona Beach: Approved as submitted; however, cancellation of Toll-Pac in Section A3.8.35 of the General Subscriber Service Tariff is required.
6. Route 6 from Munson to Pensacola: EOEAS request shall be deferred to Docket No. 900139-TL.
7. Route 7 from Trenton to Gainesville: Intermediate route of Newberry to Gainesville shall be included at the same rates as submitted.
8. New route from Newberry to Trenton: This route shall also be included at the following rates:

Residence Options

| | |
|-----------------------|---------|
| a. Premium (Opt. 2) | \$ 4.70 |
| b. Discount (Opt. 3) | 2.20 |
| c. Incoming (Opt. 5) | 4.95 |
| d. Drop-back (Opt. 4) | 8.40 |

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Business Options

| | | |
|----|--------------------|---------|
| a. | Discount (Opt. 3) | \$ 4.40 |
| b. | Incoming (Opt. 5) | 10.80 |
| c. | Drop-back (Opt. 4) | 22.90 |

ESSX/PBX TRUNK OPTIONS

| | | |
|----|-------------------|---------|
| a. | Discount (Opt. 3) | \$ 8.80 |
| b. | Incoming (Opt. 5) | 16.20 |

Implementation of our proposals above shall require Southern Bell to recalculate the revenue impact of these changes to be applied to the EAS monies set aside by Order No. 20162, as amended by Order No. 21055.

In addition, Southern Bell shall be required to send a letter and ballot to each customer on the various routes (separate from the customer's bill) clearly explaining the plan and requesting the customer to indicate on the ballot which option the customer chooses and to return the ballot to the Company. The ballot shall state that there is no fee for subscribing to the service and that each customer is allowed to change options free of charge one time within the first six (6) months after the plan is offered. Also, the ballot shall indicate the availability of the unpublished number under Option 5 (incoming option). Finally, the ballot shall state that customers who do not return a ballot will keep existing toll service. Southern Bell shall submit its letter and ballot to our staff for approval prior to mailing to customers.

Southern Bell shall also be required to file a follow-up report eight (8) months from the implementation date of the EOEAS plan showing the following for the first six (6) months' implementation of the EOEAS plan on each route:

1. trunking and central office requirements before and after implementation of the EOEAS plan,
2. trunking and central office equipment that would have been required as a result of normal growth (without EOEAS),

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3. the cost of any additional trunking and central office equipment necessary as a result of implementation of the EOEAS plan,
4. the estimated and actual take rates for each option under the EOEAS plan, by customer class,
5. the monthly revenues received for each option, and
6. a record of any customer contact regarding 1+ dialing for the flat rate Option 2.

Since the EOEAS plan is a relatively new plan, we are extremely interested in determining how well received the plan is and the impact to the Company of implementing the plan.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Southern Bell Telephone and Telegraph Company's tariff filing (T-90-151) of April 20, 1990, is hereby denied for the reasons set forth in the body of this Order. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file tariff revisions to implement the Enhanced Optional Extended Area Service calling plan described herein on the routes discussed herein, to become effective June 20, 1990. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall submit its customer letter and ballot to our staff for approval prior to mailing. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall file certain reports with this Commission in accordance with the requirements described herein. It is further

ORDERED that our proposed action described herein shall become final on the first working day following the date specified below, if no proper protest is filed to this Proposed Agency Action within the time frames set forth below. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission, this
16th day of July, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by: Kay Flynn
Chief, Bureau of Records

ABG

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 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.

As identified in the body of this order, our action in Section II 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

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of business on August 6, 1990. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 the relevant portion of 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance 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.