

MEMORANDUM

July 23, 1987

TO : DIRECTOR OF RECORDS AND REPORTING *BB*  
FROM : DIVISION OF COMMUNICATIONS [FUCHS, DUFF, WRIGHT] *BA*  
DIVISION OF LEGAL SERVICES [SCHIRO] *RW*  
RE : DOCKET NO. - 870248-TL EAS HOLMES COUNTY  
AGENDA : PLACE ON AUGUST 4, 1987 AGENDA - CONTROVERSIAL, PARTIES MAY PARTICIPATE  
PANEL : FULL COMMISSION  
CRITICAL DATES: NONE

---

ISSUE AND RECOMMENDATION SUMMARY

ISSUE 1: Does any route studied in Holmes County meet or exceed the requirements of Florida Public Service Commission Rule 25-4.060(2) or (2a) Community of Interest Considerations?

RECOMMENDATION: No route studied in Holmes County meets or exceeds the requirements of Rule 25-4.060(2) or (2a) Community of Interest Considerations.

ISSUE 2: Does any route in Holmes County meet guidelines established in former dockets for an optional toll alternative?

RECOMMENDATION: Yes, the Ponce De Leon to Bonifay route has one way traffic of 2.55 M/M/M and 30% of the customers making two or more calls per month.

DOCUMENT NUMBER-DATE

06889 JUL 25 1987

FPSC-RECORDS/REPORTING

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 3: Should Centel be required to file tariffs offering the optional discounted toll plan called "Toll-Pac" to customers of the Ponce De Leon exchange?

RECOMMENDATION: Yes, Toll-Pac should be offered at a minimum monthly subscription rate of \$3.25 for residential service and \$5.85 for business service. Tariffs should be filed 30 days from the date of the order and effective 60 days thereafter.

ISSUE 4: Should Centel be required to review the next six months' toll bills of the Ponce De Leon exchange customers in order to determine those who would benefit from Toll-Pac on this route, then be required to notify each "instant winner" so identified by mail (separate from his/her monthly bill) informing each of the following?

1. The existence of the Toll-Pac plan.
2. The operation of the plan.
3. A comparison of the customer's toll bill for the preceding six months with and without the plan.
4. The total amount the customer would have saved in the six month period with Toll-Pac.
5. Waiver of the secondary service order charge for Toll-Pac for 30 days following the date of the letter.

RECOMMENDATION: Yes, the company should be required to identify and notify Toll-Pac "instant winners" in the Ponce de Leon exchange by May 4, 1988. The letter should be submitted to the staff for approval prior to mailing.

ISSUE 5: Should Centel be required to file a report within 90 days after the customers have been notified of the availability of Toll-Pac listing:

1. The number of "Instant Winners".
2. The number of "Instant Winner" plan takers.
3. The total number of plan takers.
4. The estimated revenue impact, including lost secondary service order revenues.

RECOMMENDATION: Yes, the company should be required to file an "Instant Winner" report with the Commission by August 4, 1988.

ISSUE 6: Should the company be required to file a revision to its tariff offering Ponce De Leon Toll-Pac subscribers two 30-day waivers of the secondary service order charge?

RECOMMENDATION: Yes, the company should be required to revise its tariff to provide for two 30 day waivers of the secondary service order charge. First, the company should waive the charge for 30 days after notification of all customers of the implementation of Toll-Pac. Second, the company should waive the charge for 30 days after the mailing of the "Instant Winner" letters. Further, the company should be required to mention the waiver in both the initial notice to all customers of the offering of Toll-Pac and in the "Instant Winner" letter.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 7: Should this docket be closed?

RECOMMENDATION: Yes, the docket should be closed when staff receives the  
"Instant Winner" report required in Issue 5.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

CASE BACKGROUND

This docket was initiated by Resolution 87-04 passed by the Holmes County Board of County Commissioners and filed with this Commission March 10, 1987. Attachment I is a map of the involved exchanges. Order No. 17477 issued April 28, 1987 required traffic studies to be conducted by Southern Bell and Centel. Traffic studies were conducted on the following routes:

Ponce de Leon to Bonifay,  
Bonifay to Ponce de Leon,  
Ponce de Leon to Reynolds Hill,  
Reynolds Hill to Ponce de Leon,  
Ponce de Leon to Westville,  
Westville to Ponce de Leon,  
Bonifay to Graceville,  
Graceville to Bonifay,  
Reynolds Hill to Graceville,  
Graceville to Reynolds Hill,  
Westville to Graceville,  
Graceville to Westville,  
Ponce de Leon to Graceville,  
Graceville to Ponce de Leon,

Traditional flat-rate two-way non-optional EAS already exists on the Reynolds Hill/Bonifay, Westville/Bonifay and Reynolds Hill/Westville routes.

DISCUSSION OF ISSUES

ISSUE 1: Does any route studied in Holmes County meet or exceed the requirements of Florida Public Service Commission Rule 25-4.060(2) or (2a) Community of Interest Considerations?

RECOMMENDATION: No route studied in Holmes County meets or exceeds the requirements of Rule 25-4.060(2) or (2a) Community of Interest Considerations.

STAFF ANALYSIS: FPSC Rule 25-4.060(2) and (2a) states:

- "(2) A preliminary showing that a sufficient degree of community of interest between exchanges, sufficient to warrant further proceedings, will be considered to exist when the combined two-way calling rate over each inter-exchange route under consideration equals or exceeds two (2) messages per main and equivalent main station per month (M/M/M) and fifty (50%) percent or more of the subscribers in the exchanges involved make calls per month, except that:
- (a) On any given route between two exchanges, when the petitioning exchange has less than half the number of main and equivalent main stations as the larger exchange, studies of oneway traffic originating in the smaller exchange may be used, in which case the community of interest qualification will require a calling rate of three (3) or more M/M/M with at least fifty (50%) percent of the exchange subscribers making two (2) or more calls per month."

Attachment I is a copy of the traffic study summaries showing no route meets the prescribed levels for further non-optional EAS consideration. The highest calling rate on any route was on Ponce de Leon to Bonifay (one way) with a rate of 2.55 M/M/M and 30 percent of the subscribers making two or more calls.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 2: Does any route meet guidelines established in former dockets for an optional toll alternative?

RECOMMENDATION: Yes, the Ponce De Leon to Bonifay route has one way traffic of 2.55 M/M/M and 30% of the customers making two or more calls per month.

STAFF ANALYSIS: At the September 30, 1986 Agenda Conference the Commission voted in Issue 2 of Dockets 820467-TP, 830064-TP, 830365-TP and 860153-TL to offer Toll-Pac if community of interest data indicated 2.25 M/M/M and 35% of the customers making two or more calls per month. In this docket the results vary slightly with 2.55 M/M/M being higher and 30% two or more calls slightly lower. Since there is no established rule for this offering, the staff recommends the guidelines established in previous dockets be applied to the Ponce De Leon to Bonifay route and optional Toll-Pac be offered to Ponce De Leon customers.

On the Bonifay to Ponce De Leon route not only was the calling rate per customer low (.4 m/m/m and 7 percent making two or more calls), but the actual calling volume was also low (50 percent of the return calls). Therefore, we do not recommend that Toll Pac be offered to Bonifay customers on this route.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 3: Should Centel be required to file tariffs offering the optional discounted toll plan called "Toll-Pac" to customers of the Ponce De Leon exchange?

RECOMMENDATION: Yes, Toll-Pac should be offered at a minimum monthly subscription rate of \$3.25 for residential service and \$5.85 for business service. Tariffs should be filed 30 days from the date of the order and effective 60 days thereafter.

STAFF ANALYSIS: The staff developed pricing mechanisms for Toll-Pac, finally deciding on a split business-residential banded price structure as follows:

<u>MILEAGE</u>	<u>RES</u>	<u>BUS</u>
0-10	\$1.95	\$3.60
11-22	\$3.25	\$5.85
23-55	\$5.30	\$9.40

These are minimum monthly subscription rates with a 30% discount from the prevailing toll DDD rate applying when appropriate toll levels are reached.

The Commission has implemented this Toll Pac structure and rate level in recent dockets.

The mileage on the Ponce De Leon to Bonifay route is 16 miles, placing it in the 11-22 mile band. Therefore, the minimum rates on this route should be \$3.25 for residence customers and \$5.85 for business customers.

ISSUE 4: Should Centel be required to review the next six months' toll bills of the Ponce De Leon exchange customers in order to determine those who would benefit from Toll-Pac on this route, then be required to notify each "instant winner" so identified by mail (separate from his/her monthly bill) informing each of the following?

1. The existence of the Toll-Pac plan.
2. The operation of the plan.
3. A comparison of the customer's toll bill for the preceding six months with and without the plan.
4. The total amount the customer would have saved in the six month period with Toll-Pac.
5. Waiver of the secondary service order charge for Toll-Pac for 30 days following the date of the letter.

RECOMMENDATION: Yes, the company should be required to identify and notify Toll-Pac "instant winners" in the Ponce de Leon exchange by May 4, 1988. The letter should be submitted to the staff for approval prior to mailing.

STAFF ANALYSIS: Discounted toll plans have experienced an apparent customer resistance to date. The staff believes some of the possible reasons are:

1. Lack of proper marketing by the companies.
2. Lack of understanding by the customers.
3. Customer resistance to pay a toll charge for what is perceived as a "local" call.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

Staff believes that if the customers are properly informed and the plan is understood, most prudent customers would choose to save money. Staff therefore recommends that the company be required to notify the customers as explained above by May 4, 1988.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 5: Should Centel be required to file a report within 90 days after the customers have been notified of the availability of Toll-Pac listing:

1. The number of "Instant Winners".
2. The number of "Instant Winner" plan takers.
3. The total number of plan takers.
4. The estimated revenue impact, including lost secondary service order revenues.

RECOMMENDATION: Yes, the company should be required to file an "Instant Winner" report with the Commission by August 4, 1988.

STAFF ANALYSIS: Due to the apparent customer resistance to discounted toll plans in the past, the staff has recommended in Issue 4 that the companies implement a stronger marketing plan. In order to determine the effectiveness of the marketing effort, the staff needs to know the level of acceptance of the Toll-Pac plan. Staff therefore recommends that the company be required to file the above mentioned report 90 days after the customers have been notified of the availability of Toll-Pac.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 6: Should the company be required to file a revision to its tariff offering Ponce De Leon Toll-Pac subscribers two 30-day waivers of the secondary service order charge?

RECOMMENDATION: Yes, the company should be required to revise its tariff to provide for two 30 day waivers of the secondary service order charge. First, the company should waive the charge for 30 days after notification of all customers of the implementation of Toll-Pac. Second, the company should waive the charge for 30 days after the mailing of the "Instant Winner" letters. Further, the company should be required to mention the waiver in both the initial notice to all customers of the offering of Toll-Pac and in the "Instant Winner" letter.

STAFF ANALYSIS: In order to encourage maximum subscription to Toll-Pac, the staff believes that two waivers of the secondary service order charge are in order. If the up front cost to subscribe to "Toll-Pac" is \$10-\$13, we believe that some customers would tend to be discouraged from doing so. Therefore we recommend that the secondary service order charge for Toll-Pac be waived for a period of thirty days on two occasions. First, the charge should be waived for 30 days following notification of all customers upon implementation of Toll-Pac. Second, the charge should be waived for 30 days following the mailing of the "Instant Winner" letters. The company should be required to provide for such a waiver in its tariff and to inform customers of the waiver in both the initial notice to all customers and in the "Instant Winner" letter.

DIVISION OF RECORDS AND REPORTING  
DOCKET NUMBER 870248-TL  
JULY 23, 1987

ISSUE 7: Should this docket be closed?

RECOMMENDATION: Yes, the docket should be closed when staff receives the "Instant Winner" report required in Issue 5.

STAFF ANALYSIS: Staff believes that it will be appropriate to close this docket after Centel files the "Instant Winner" report for the Ponce de Leon to Bonifay route.

EF/tp (0411C)

Inter-Exchange Traffic Data  
EAS - Holmes County  
Schedule I

ALL ACCOUNTS COMBINED

<u>From</u>	<u>To</u>	<u>MS&amp;T</u>	<u>*MSGs</u>	<u>Calling Rate M/M/M</u>	<u>Total Accounts</u>	<u>Accounts Making 2 or More Calls/Month</u>	
						<u>Number</u>	<u>Percent</u>
<u>Part I - Routes over 3 M/M/M</u>							
<u>Part II - Routes 2.99 to 2.00 M/M/M</u>							
Ponce de Leon	Bonifay	807	2054	2.55	827	247	30%
<u>Part III - Routes 1.99 to 1.00 M/M/M</u>							
Ponce de Leon	Reynolds Hill	807	1548	1.92	827	175	21%
Ponce de Leon	Westville	807	1511	1.87	827	192	23%
Westville	Ponce de Leon	731	1257	1.72	738	168	23%
Bonifay	Graceville	2984	4105	1.38	2924	613	21%
Reynolds Hill	Ponce de Leon	1021	1195	1.17	1025	149	15%
<u>Part IV - Routes below .99 M/M/M</u>							
Westville	Graceville	731	314	.43	738	54	7%
Bonifay	Ponce de Leon	2984	1190	.40	2924	195	7%
Reynolds Hill	Graceville	1021	350	.34	1025	66	6%
Ponce de Leon	Graceville	807	82	.10	827	16	2%

\*Official and coin messages excluded from traffic studies and calling rate calculation.

Southern Bell Telephone and Telegraph Company  
Florida  
Docket No. 870248 - TL ORDER NO. 17477  
Inter-Exchange Traffic Data  
EAS - Holmes County - SCHEDULE I  
One - Way

<u>ROUTE</u>	<u>AL &amp; T *</u>	<u>MESSAGES</u>	Calling	<u>TOTAL</u>	Customers Making 2 or	
			<u>RATE</u>		<u>CUSTOMERS</u>	<u>NUMBER</u>
			<u>M/M/M</u>			
PART I - ROUTES OVER 3 M/M/M						
NONE						
PART II - ROUTES 2.99 TO 2.00 M/M/M						
PART III - ROUTES 1.99 TO 1.00 M/M/M						
GRACEVILLE TO BONIFAY (I)	2553	4240	1.66	2553	576	22.56
PART IV - ROUTE'S BELOW .99 M/M/M						
GRACEVILLE TO REYNOLDS HILL (I)	2553	362	.14	2553	76	2.98
GRACEVILLE TO WESTVILLE (I)	2553	314	.12	2553	57	2.23
GRACEVILLE TO PONCE DE LEON (I)	2553	0	0.00	2553	0	0.00

\* Official and coin message's are not included in call distribution studies; therefore, official and coin access lines from Attachment C were excluded in calculating calling rates.

One - Way - Calling rate of 3.0 messages per main station per month (M/M/M) with 50% of the customers making 2 or more calls/month.

(I) Independent Company Exchange

Source: Call Distribution Study (05-01-87 thru 05-31-87)

