

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution by Bradford County) DOCKET NO. 910022-TL
Commission requesting extended area)
service within Bradford County and) ORDER NO. 25566
between Bradford County, Union County)
and Gainesville) ISSUED: 1/6/92
_____)

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING REQUEST FOR EXTENDED AREA SERVICE
AND REQUIRING IMPLEMENTATION OF ALTERNATIVE TOLL PLAN

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.

BACKGROUND

This docket was initiated pursuant to a resolution filed with this Commission by the Bradford County Board of County Commissioners. The resolution requested that we consider requiring implementation of extended area service (EAS) between all exchanges in Bradford County, between Bradford County and Union County, and between Bradford County and Gainesville. Bradford County contains all or part of the Brooker, Keystone Heights, Lawtey, Melrose, Starke, and Waldo exchanges. Union County consists of the Lake Butler and Raiford exchanges, as well as a very small portion of the Lake City exchange. Gainesville is located in Alachua County.

By Order No. 24208, issued March 8, 1991, we directed ALLTEL Florida, Inc. (ALLTEL), Central Telephone Company of Florida (Centel), and Southern Bell Telephone and Telegraph Company (Southern Bell) to perform traffic studies between these exchanges to determine whether a sufficient community of interest exists, pursuant to Rule 25-4.060, Florida Administrative Code. ALLTEL serves the Brooker, Lake Butler, Melrose, Raiford, and Waldo

DOCUMENT NUMBER-DATE

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exchanges, while Centel serves the Lawtey and Starke exchanges, and Southern Bell serves the Gainesville, Keystone Heights and Lake City exchanges. In addition to involving intercompany routes, this request also involves interLATA (local access transport area) routes. 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. The companies were to prepare and submit the traffic studies to us within sixty (60) days of the issuance date of Order No. 24208, making the studies due by May 7, 1991.

On May 7, 1991, ALLTEL filed a Motion for Extension of Time requesting an extension through and including June 28, 1991, in which to prepare and submit the required traffic studies. As grounds for its request, ALLTEL cited the complexities inherent in interLATA traffic studies in general, as well as the particular complexities here, where numerous routes and multiple companies are involved. On May 9, 1991, Southern Bell filed a similar motion. By Order No. 24537, issued May 15, 1991, we granted ALLTEL the requested extension of time through June 28, 1991. By Order No. 24538, also issued May 15, 1991, we granted Southern Bell's requested extension through June 6, 1991.

Subsequently, all three companies filed the required traffic studies in response to Order No. 22567. On June 6, 1991, Southern Bell filed a request for confidential treatment of certain portions of its traffic study data. Southern Bell requested specified confidential treatment of only that data which represented a quantification of traffic along interLATA routes. By Order No. 24685, issued June 20, 1991, we granted Southern Bell's request. A similar request for specified confidential treatment was filed by ALLTEL on June 28, 1991. By Order No. 24754, issued July 3, 1991, we granted ALLTEL's request.

Each of the involved exchanges currently has EAS as follows:

<u>Exchange</u>	<u>Access Lines</u>	<u>EAS Calling Scope</u>
Brooker	924	Alachua, Gainesville, Waldo, (Starke)*

<u>Exchange</u>	<u>Access Lines</u>	<u>EAS Calling Scope</u>
Gainesville	79,932	Alachua, Archer, Brooker, Hawthorne, High Springs, Lake Butler, Melrose, Micanopy, Newberry, Waldo, (Keystone Heights)*
Keystone Heights	4,577	Melrose, Starke, Florahome (661), (Gainesville)*
Lake Butler	2,021	Alachua, Gainesville, Raiford
Lawtey	962	Kingsley Lake, Raiford, Starke
Melrose	2,499	Gainesville, Hawthorne, Keystone Heights, Waldo
Raiford	462	Kingsley Lake, Lake Butler, Lawtey, Starke
Starke	5,463	Keystone Heights, Kingsley Lake, Lawtey, Raiford
Waldo	1,484	Brooker, Gainesville, Melrose

***Optional EAS Plans**

Current basic local service rates for the exchanges involved in this EAS request are shown below:

Raiford (ALLTEL)

R-1 \$ 9.35
 B-1 23.40
 PBX 44.55

Brooker, Melrose, and Waldo (ALLTEL)

R-1 \$ 9.95
 B-1 24.70
 PBX 47.20

ORDER NO. 25566
DOCKET NO. 910022-TL
PAGE 4

Lake Butler (ALLTEL)

R-1	\$12.15
B-1	30.65
PBX	60.60

Lawtey (Centel)

R-1	\$ 6.90
B-1	15.55
PBX	31.05

Starke (Centel)

R-1	\$ 7.30
B-1	16.45
PBX	32.85

Keystone Heights (Southern Bell)

R-1	\$ 8.10
B-1	21.90
PBX	49.39

Gainesville (Southern Bell)

R-1	\$ 8.80
B-1	23.85
PBX	53.68

DISCUSSION

By Order No. 24208, the companies were directed to conduct traffic studies on the exchanges affected by the resolution to determine if a sufficient community of interest existed pursuant to Rule 25-4.060. For these studies, we requested that the companies measure the messages per main and equivalent main station per month (M/M/M) and percentage of subscribers making one (1) and two (2) or more calls monthly to the exchanges for which EAS was proposed.

A large number of the routes under consideration in this docket are interLATA routes. The actual results of the traffic studies for these particular routes were granted confidential

ORDER NO. 25566
DOCKET NO. 910022-TL
PAGE 5

treatment by Orders Nos. 24685 and 24754. We can report, however, that none of the routes under consideration met the threshold of Rule 25-4.060(2). That Rule requires a two-way calling rate of two (2) M/M/Ms or higher, with at least fifty percent (50%) of the exchange subscribers making one (1) or more calls per month. Alternately, a one-way calling rate of three (3) M/M/Ms or higher, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month is sufficient, if the petitioning exchange is less than half the size of the exchange to which EAS is sought. Since none of the routes exhibited calling rates that met these levels, we shall deny any further consideration of nonoptional, flat rate, two-way EAS along the above routes.

Upon consideration, we hereby propose requiring ALLTEL, Centel, and Southern Bell to implement the alternative toll plan known as the \$.25 plan on the following routes (between these exchanges): Brooker to Starke; Keystone Heights to Gainesville; Keystone Heights to Waldo; Lake Butler to Lake City; Lake Butler to Starke; Lawtey to Brooker; Lawtey to Gainesville; Lawtey to Waldo; Raiford to Gainesville; Starke to Gainesville; and Waldo to Starke. Calls between these exchanges shall be rated at \$.25 per call, regardless of call duration. These calls shall be furnished on a seven-digit basis and shall be reclassified as local for all purposes. These calls shall be handled by pay telephone providers in the same way and at the same price to end users as any other local call. Customers may make an unlimited number of calls at \$.25 per call. Affected customers shall be provided with appropriate directory listings.

The companies shall implement this plan within six (6) months of the date this Order becomes final. Southern Bell shall immediately begin seeking a waiver of the Modified Final Judgment to allow it to carry traffic on the affected routes. The premium flat rate option currently available under the enhanced optional EAS (EOEAS) plan shall be continued on the Keystone Heights to Gainesville route. Terminating access charges shall not be paid or collected on routes where the \$.25 plan is implemented, since such routes are considered local.

In reaching this decision, we considered those routes with calling volumes that would qualify for traditional EAS, but with the percentage of customers making two or more calls below the threshold of the Rule. We have also included those routes which

would be "leapfrogged" by our proposal. The calling rates on the remaining routes are relatively small. By our action herein, every Bradford County exchange will 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, major medical services, shopping, etc. In addition, every Bradford County exchange will have calling to the largest city in North Central Florida, Gainesville.

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

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. We have also expressed our 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.

We recognize that there is an economic impact to ALLTEL, Centel, and Southern Bell as a result of our proposed calling plan. However, if the \$.25 plan is compared with traditional EAS, it is clear that the impact of the \$.25 plan is not as great as flat rate EAS. In fact, the \$.25 plan offers the opportunity for additional revenue if there is sufficient stimulation. Although stimulation levels can be difficult, even impossible to predict, initial reports concerning the \$.25 plan in other areas of the state show

ORDER NO. 25566
DOCKET NO. 910022-TL
PAGE 7

that the number of calls can increase dramatically. While the demographics of these areas may differ, we do believe that some stimulation is inevitable. Accordingly, we find it appropriate to waive Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs where the qualification for EAS is dependent upon calling levels and subscriber approval of the petitioning exchange, to the extent that this rule arguable applies in this context. In addition, we shall approve Southern Bell's request that any revenue reduction be applied to its EAS offset amount, to the extent that there is any actual revenue reduction after stimulation.

We also find it appropriate to waive Rule 25-4.061, Florida Administrative Code. Because the community of interest factors are sufficient to warrant implementation of an alternative to toll rates and the toll relief plan being authorized does not consider costs to set rates, we do not believe it is necessary to require the companies to conduct cost studies on these routes.

Finally, following implementation of the calling plan, the companies shall file quarterly reports with our staff, broken down on a monthly basis. These reports shall include a detailed analysis of the distribution of calling usage among subscribers, over each route, segregated between business and residential users and combined, showing for each category the number of customers making zero (0) calls, one (1) call, et cetera, through twenty-five (25) calls, and in ten (10) call increments thereafter, to ninety-five (95) calls, and ninety-six (96) or more calls. These reports on usage shall be filed for a one year period following implementation. These usage reports shall also include a record of any customer contact, along with the reason for such contact, regarding the \$.25 calling plan.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the resolution filed with this Commission by the Bradford County Board of County Commissioners is hereby approved to the extent outlined herein. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, ALLTEL Florida, Inc., Central Telephone Company of Florida, and Southern Bell Telephone and Telegraph Company shall, within six months of the date of this Order becomes

ORDER NO. 25566
DOCKET NO. 910022-TL
PAGE 8

final, implement an alternative toll plan that complies with the terms and conditions set forth in the body of this Order. It is further

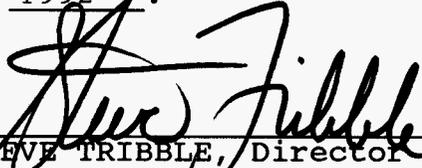
ORDERED that Southern Bell Telephone and Telegraph Company shall seek a waiver of the Modified Final Judgment as set forth herein. It is further

ORDERED that certain rules as described herein have been waived for the reasons set forth in the body of this Order. It is further

ORDERED that ALLTEL Florida, Inc., Central Telephone Company of Florida, and Southern Bell Telephone and Telegraph Company shall file certain reports as set forth herein. It is further

ORDERED that our proposed action shall become final and this docket shall be closed following expiration of the protest period specified below, if no proper protest to our proposed agency action is filed in accordance with the requirements set forth below.

By ORDER of the Florida Public Service Commission, this
6th day of JANUARY, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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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 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
1/27/92.

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 wastewater 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.