

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by PASCO COUNTY ) DOCKET NO. 910529-TL  
BOARD OF COUNTY COMMISSIONERS )  
for extended area service )  
between all Pasco County )  
exchanges. )  
In re: Petitions of SOUTHERN ) DOCKET NO. 880069-TL  
BELL TELEPHONE AND TELEGRAPH )  
COMPANY for rate stabilization ) ORDER NO. PSC-92-0158-FOF-TL  
and implementation orders and )  
other relief. ) ISSUED: 04/06/92

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER REQUIRING SURVEY OF CUSTOMERS  
FOR IMPLEMENTATION OF 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 Resolution No. 91-217 filed with this Commission by the Pasco County Board of County Commissioners. The Resolution requested that we consider requiring implementation of extended area serviced (EAS) between all exchanges located in Pasco County. Pasco County contains the following exchanges or portions of exchanges: Brooksville, Dade City, Hudson, New Port Richey, San Antonio, Tampa-North, Tampa-West, Tarpon Springs, Trillacoochee, and Zephyrhills.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Subsequently, the Hernando County Board of County Commissioners filed a resolution requesting that we consider requiring implementation of EAS between the Trillacoochee and Brooksville exchanges. Although these two exchanges are located primarily in Hernando County, each exchange also has a pocket area located in Pasco County. For that reason, we determined it was appropriate to consider the Hernando County resolution in this docket.

By Order No. 24718, issued June 26, 1991, we directed GTE Florida Incorporated (GTEFL), Southern Bell Telephone and Telegraph Company (Southern Bell), and United Telephone Company of Florida (United) 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. All of the exchanges involved in these EAS requested are served by GTEFL, except the Dade City, San Antonio, and Trillacoochee exchanges, which are served by United, and the Brooksville exchange, which is served by Southern Bell.

In addition to involving intercompany routes, these requests also involve interLATA (local access transport area) routes. The GTEFL exchanges are located in the Tampa Market Area (LATA), while the Southern Bell and United exchanges are located in the Gainesville LATA. The companies were directed to prepare and submit the traffic studies to us within sixty (60) days of the issuance date of Order No. 24718, making the studies due by August 26, 1991.

On July 17, 1991, GTEFL filed a Motion for Extension of Time requesting an extension through and including September 26, 1991, in which to prepare and submit the required traffic studies. By Order No. 24858, issued July 29, 1991, we granted GTEFL's request.

Subsequently, all three companies filed the requested traffic study data, along with Requests for Specified Confidential Classification of certain portions of the traffic study data. Southern Bell made its filing on August 26, 1991; United on September 17, 1991; and GTEFL on September 26, 1991. Each of the companies requested specified confidential treatment of only that data which represented a quantification of traffic along interLATA routes. By Order No. 25267, issued October 29, 1991, we granted these three requests.

Each of the involved exchanges currently has EAS as follows:

<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>EAS LINES</u>	<u>LOCAL CALLING AREA</u>
Brooksville	17,004	52,418	Brooksville, Weeki Wachee Springs, Inverness (optional plan)
Dade City	9,433	38,564	Dade City, San Antonio, Trillacoochee, Zephyrhills
Hudson	37,856	92,948	Hudson, New Port Richey
New Port Richey	55,092	124,884	Hudson, New Port Richey, Tarpon Springs
San Antonio	2,245	38,564	Dade City, San Antonio, Trillacoochee, Zephyrhills
Tampa-North	18,944	493,007	Tampa (all), Zephyrhills, ECS exchanges (Clearwater, St. Petersburg, Tarpon Springs)
Tampa-West	16,792	708,556	Clearwater, Tampa (all), ECS exchanges (St. Petersburg, Tarpon Springs)
Tarpon Springs	31,936	326,491	Clearwater, New Port Richey, Tarpon Springs, ECS exchanges (St. Petersburg, Tampa [all])

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Trillacoochee	2,972	38,564	Dade City, San Antonio, Trillacoochee, Zephyrhills
Zephyrhills	23,914	59,863	Dade City, San Antonio, Tampa-North, Trillacoochee, Zephyrhills

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

Hudson and Zephyrhills (GTEFL)

R-1	\$10.23
B-1	26.07
PBX	52.14

New Port Richey (GTEFL)

R-1	\$10.68
B-1	27.27
PBX	54.54

Tampa-North, Tampa-West, and Tarpon Springs (GTEFL)

R-1	\$11.63
B-1	29.72
PBX	59.44

Brooksville (Southern Bell)

R-1	\$ 8.40
B-1	22.90
PBX	51.59

Dade City, San Antonio, and Trillacoochee (United)

R-1	\$ 7.20
B-1	16.90
PBX	33.80

DISCUSSION

By Order No. 24718, the companies were directed to conduct traffic studies on the exchanges affected by the resolutions 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 treatment by Order No. 25267. We can report, however, that only one of the routes under consideration, the Trillacoochee to Brooksville route, 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 other routes exhibited calling rates that met these levels, we shall deny any further consideration of nonoptional, flat rate, two-way EAS along all of the other routes.

Accordingly, we find it appropriate to require United to survey its Trillacoochee subscribers for nonoptional, flat rate, two-way calling between Trillacoochee and Brooksville under the 25/25 plan with regrouping. The rates at which the Trillacoochee customers shall be surveyed are as follows:

<u>CUSTOMER CLASS</u>	<u>CURRENT RATE</u>	<u>25/25 ADDITIVE</u>	<u>REGROUPING ADDITIVE</u>	<u>NEW RATE</u>
R-1	\$ 7.20	\$ 1.62	\$ .75	\$ 9.57
B-1	16.90	3.79	1.75	22.44
PBX	33.80	7.57	3.55	44.92

Under this calling plan, the Trillacoochee and Brooksville exchanges would receive toll free calling to and from each other.

Rates for the Brooksville exchange would not increase; therefore, the Brooksville subscribers are not included in the survey. Rates for the 25/25 plan with regrouping are derived by developing two additives. The 25/25 additive is twenty-five percent (25%) of the rate group schedule for the number of access lines to be added to the exchange's calling scope. The regrouping additive is the difference in rates between the exchange's original rate group and the new rate group into which the exchange will fall with its expanded calling scope.

The subscribers in the Trillacoochee exchange shall be surveyed by United within thirty (30) days of the date this Order becomes final. Prior to conducting the survey, United shall submit its explanatory survey letter and ballot to our staff for approval.

If the survey passes by a simple majority of the customers in the Trillacoochee exchange, United and Southern Bell shall then implement toll free calling between Trillacoochee and Brooksville within twelve (12) months of the issuance date of our order on survey approval. The existing OEAS plan on the Brooksville to Trillacoochee route shall be discontinued at the time EAS is implemented. By our requiring a simple majority, we are hereby waiving the fifty-one percent (51%) favorable vote requirement of Rule 25-4.063(5)(a), Florida Administrative Code.

In addition, we find it appropriate to require GTEFL, Southern Bell, and United to implement the alternative toll plan known as the \$.25 plan on the following routes (between these exchanges): Dade City to Brooksville; Dade City to Tampa-North; Hudson to Brooksville; Hudson to Tarpon Springs\*; San Antonio to Brooksville; San Antonio to Tampa-North; Tampa-North to New Port Richey\*; and Tampa-West to New Port Richey\*. 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 where technically feasible 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. Pay telephone providers shall be charged the standard local measured usage rate for these calls. Customers may make an unlimited number of calls at \$.25 per call. For those three routes above that are intraLATA routes and served solely by GTEFL (marked by \*), the Extended Calling Service (ECS) rates approved in Docket No. 910179-TL shall apply in lieu of the standard \$.25 plan rates. ECS rates for residential customers are the same as the standard \$.25 plan; that is, a \$.25 per call charge applies. However, for

business customers, ECS rates are measured. Currently, ECS business rates are \$.10 for the first minute and \$.06 for each additional minute.

Because calls under the \$.25 plan are considered local for all purposes, affected customers shall be provided with appropriate directory listings. However, implementation of the \$.25 plan shall not be delayed nor shall special directories be required. Rather, these listing shall be furnished to affected customers at the next regularly scheduled directory publishing and distribution date. We believe this interpretation of Rule 25-4.040(2), Florida Administrative Code, is reasonable, particularly since basic local rates do not increase under the \$.25 plan as they do with traditional flat rate EAS.

The companies shall implement the \$.25 plan within six (6) months of the date this Order becomes final. However, for those routes where GTEFL provides service to at least one exchange, the plan shall be implemented by January 1, 1993. Southern Bell shall immediately begin seeking a waiver of the Modified Final Judgment, and GTEFL shall immediately begin seeking a waiver of the Consent Decree, to allow them to carry traffic on the affected routes. Terminating access charges shall not be paid or collected on routes where the \$.25 plan is implemented, since such routes are considered local. The companies shall file appropriate tracking reports with our staff following implementation of the \$.25 plan.

In reaching the decision to require the \$.25 plan, we considered those routes with calling volumes that were higher than average, but below the threshold of the Rule. We note that there are no routes that would be "leapfrogged" by our proposal. The calling rates on the remaining routes in this docket are relatively small. Even with this proposed calling plan, there will be four exchanges in Pasco County that do not have calling to the county seat, Dade City. However, a major county governmental services center is located in the New Port Richey exchange; thus, New Port Richey functions somewhat as a secondary seat of government for Pasco County. With our proposed calling plan, all Pasco County residents will be able to call either Dade City or New Port Richey.

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 these 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 Hudson to Tarpon Springs, or from New Port Richey to Tampa-West, would only be reduced from \$.60 to \$.42 (based on GTEFL 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.

For both the flat rate EAS and the \$.25 plan that we have proposed, we find it appropriate to waive Rule 25-4.061, Florida Administrative Code. Because the traffic studies reflect a sufficient community of interest and the toll relief plans being authorized do not consider costs to set rates, we do not believe it is necessary to require the companies to conduct cost studies on these routes.

We also find it appropriate to waive the requirements of Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs from the subscribers in the petitioning exchange upon implementation of traditional, two-way, nonoptional EAS. Our experience with cost information that has been submitted to date in other EAS dockets has shown that to permit full recovery of costs would require us to approve rates that would be unacceptable to customers. Surveying customers on such high rates would ensure failure of the survey. Based on the high community of interest exhibited along the Brooksville to Trillacoochee route, we believe EAS is warranted and that a survey with more reasonable rates should be conducted. Additionally, we have not required cost recovery in any docket for which traditional EAS has been ordered since the effective date of this rule. Therefore, we intend to waive Rule 25-4.062(4) for this route.

We also find it appropriate to waive Rule 25-4.062(4) to the extent that this rule arguably applies to the \$.25 plan routes. We recognize that there is an economic impact to the companies as a result of our proposed \$.25 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 that the number of calls can increase dramatically. While the demographics of these areas may differ, we do believe that some stimulation is inevitable. We shall take stimulation into account to determine the actual revenue impact to Southern Bell when applying this lost revenue to the EAS monies set aside in Docket No. 880069-TL. In so doing, we find it appropriate to also recognize additional associated costs, other than lost revenue, and to take those costs into account. Finally, because we believe that the bulk of stimulation occurs within the first few months following implementation, we find six months to be an appropriate length of time after which to consider stimulation for this purpose.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the resolutions filed with this Commission by the Pasco County Board of County Commissioners and the Hernando County Board of County Commissioners are 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, United Telephone Company of Florida shall, within thirty (30) days of the date this Order becomes final, survey its subscribers in the Trillacoochee exchange for implementation of a flat rate, two-way, nonoptional extended area service plan that complies with the terms and conditions set forth herein. It is further

ORDERED that if the survey passes, the flat rate, two-way, nonoptional extended area service plan described herein shall be implemented on the Trillacoochee to Brooksville route by United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company within twelve months of the issuance date of our order on survey approval. It is further

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ORDERED that United Telephone Company of Florida shall submit its survey letter and ballot to our staff for approval prior to their distribution. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, GTE Florida Incorporated, Southern Bell Telephone and Telegraph Company, and United Telephone Company of Florida, shall, within six months of the date of this Order becomes final, or by January 1, 1993, as appropriate, 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 and GTE Florida Incorporated shall seek a waiver of the Consent Decree 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 GTE Florida Incorporated, Southern Bell Telephone and Telegraph Company, and United Telephone Company of Florida shall file certain reports as set forth herein. It is further

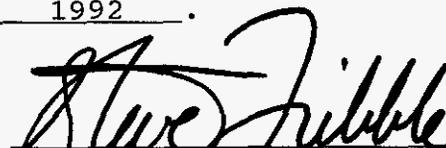
ORDERED that any revenue impact, including additional costs, to Southern Bell Telephone and Telegraph Company shall be applied to the extended area service monies set aside in Docket No. 880069-TL, in accordance with the directives herein. It is further

ORDERED that the effective date of our actions described herein is the first working day following the date specified below, if no proper protest to this Proposed Agency Action is filed within the time frame set forth below. It is further

ORDERED that these dockets shall remain open.

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

( S E A L )  
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STEVE TRIBBLE, Director  
Division of Records and Reporting

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 APRIL 27, 1992

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.