

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by Lake Mary) DOCKET NO. 910762-TL
City Commission for extended) ORDER NO. PSC-92-0324-PCO-TL
area service from the Sanford) ISSUED: 05/11/92
and Geneva exchanges to the)
Orlando and Apopka exchanges.)
_____)

Pursuant to Notice, a Prehearing Conference was held on May 1, 1992, in Tallahassee, Florida, before Commissioner J. Terry Deason, as Prehearing Officer.

APPEARANCES:

DAVID B. ERWIN, Esquire, Young, van Assenderp, Varnadoe & Benton, P.A., Post Office Box 1833, Tallahassee, FL 32302-1833
On behalf of City of Lake Mary, City of Sanford, and Seminole County.

DAVID M. FALGOUST, Esquire, 4300 Southern Bell Center, 675 W. Peachtree Street, N.E., Atlanta, GA 30375, and J. PHILLIP CARVER, Esquire, c/o Marshall M. Criser III, 150 S. Monroe Street, Suite 400, Tallahassee, FL 32301-1556
On behalf of Southern Bell Telephone and Telegraph Company.

ALAN N. BERG, Esquire, P. O. Box 5000, Altamonte Springs, FL 32716-5000
On behalf of United Telephone Company of Florida.

TRACY HATCH, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0863
On behalf of the Commission Staff.

PRENTICE P. PRUITT, Esquire, Florida Public Service Commission, 101 E. Gaines Street, Tallahassee, Florida 32399-0862
On behalf of the Commissioners.

DOCUMENT NUMBER-DATE
04639 MAY 11 1992
FPSC-RECORDS/REPORTING

PREHEARING ORDER

I. CASE BACKGROUND

This docket was initiated pursuant to Resolution No. 91-376 filed with this Commission by the City Commission of the City of Lake Mary. The resolution requested that we consider requiring implementation of extended area service (EAS) from the Sanford and Geneva exchanges to the Orlando and Apopka exchanges. Resolution No. 91-212 by the Seminole County Board of County Commissioners and Resolution 91-1605 by the City Commission of the City of Sanford have also been filed with this Commission and make the same request. The Apopka exchange is served by United Telephone Company of Florida (United), while the Geneva, Orlando, and Sanford exchanges are served by Southern Bell Telephone and Telegraph Company (Southern Bell).

By Order No. 25031, issued September 9, 1991, we directed the companies 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. The companies were required to prepare and submit these studies to us within sixty (60) days of the issuance of Order No. 25031, making the studies due by November 8, 1991.

On December 10, 1991, United filed a Motion for Extension of Time requesting an extension through and including December 18, 1991, in which to prepare and submit the required traffic study data. By Order No. 25507, issued December 19, 1991, we granted United's request.

Both companies filed the requested traffic studies. Following analysis of this data, our staff filed a recommendation for consideration at our February 4, 1992, Agenda Conference. That recommendation suggested that we require Southern Bell to survey its customers in the Sanford and Geneva exchanges for implementation of non-optional, flat rate, two-way, toll free calling to and from Orlando under the 25/25 plan with regrouping. Representatives of the Lake Mary area appeared in opposition to our staff's proposed calling plan.

Upon consideration of the staff recommendation, we found it appropriate to proceed directly to hearing in this matter. We believed that holding a hearing would be the most expeditious way

to reach a resolution that is reasonable and appropriate and meets the needs of the greatest number of customers. Our Order on Prehearing Procedure, Order No. PSC-92-0101-PCO-TL, issued March 25, 1992, sets forth the procedures to be used and the issues to be resolved through the hearing process.

The hearing in this matter is scheduled for May 13, 1992, in Lake Mary, Florida. The hearing will be divided into two phases. During the first phase of the hearing, we will take the testimony of citizens concerning their toll calling needs. The second phase of the hearing will be for the purpose of receiving testimony and exhibits from the parties.

At the Prehearing Conference of May 1, 1992, the procedures to govern the hearing were established. It was determined that Southern Bell and United would initiate the first phase of the hearing with a brief presentation of the respective positions, after which we will take testimony from the general public, followed by the evidentiary hearing itself.

II. PROCEDURE FOR HANDLING CONFIDENTIAL INFORMATION

A. Any information provided pursuant to a discovery request for which proprietary confidential business information status is requested shall be treated by the Commission and the parties as confidential. The information shall be exempt from Section 119.07(1), Florida Statutes, pending a formal ruling on such request by the Commission, or upon the return of the information to the person providing the information. If no determination of confidentiality has been made and the information has not been used in the proceeding, it shall be returned expeditiously to the person providing the information. If a determination of confidentiality has been made and the information was not entered into the record of the proceeding, it shall be returned to the person providing the information within the time periods set forth in Section 364.183(2), Florida Statutes.

B. It is the policy of the Florida Public Service Commission that all Commission hearings be open to the public at all times. The Commission also recognizes its obligation pursuant to Section 364.183, Florida Statutes, to protect proprietary confidential business information from disclosure outside the proceeding.

In the event it becomes necessary to use confidential information during the hearing, the following procedures will be observed:

- 1) Any party wishing to use any proprietary confidential business information, as that term is defined in Section 364.183, Florida Statutes, shall notify the Prehearing Officer and all parties of record by the time of the Prehearing Conference, or if not known at that time, no later than seven (7) days prior to the beginning of the hearing. The notice shall include a procedure to assure that the confidential nature of the information is preserved as required by statute.
- 2) Failure of any party to comply with 1) above shall be grounds to deny the party the opportunity to present evidence which is proprietary confidential business information.
- 3) When confidential information is used in the hearing, parties must have copies for the Commissioners, necessary staff, and the Court Reporter, in envelopes clearly marked with the nature of the contents. Any party wishing to examine the confidential material that is not subject to an order granting confidentiality shall be provided a copy in the same fashion as provided to the Commissioners, subject to execution of any appropriate protective agreement with the owner of the material.
- 4) Counsel and witnesses are cautioned to avoid verbalizing confidential information in such a way that would compromise the confidential information. Therefore, confidential information should be presented by written exhibit when reasonably possible to do so.
- 5) At the conclusion of that portion of the hearing that involves confidential information, all copies of confidential exhibits shall be returned to the proffering party. If a confidential exhibit has been admitted into evidence, the copy provided to

the Court Reporter shall be retained in the Commission Clerk's confidential files.

III. PREFILED TESTIMONY AND EXHIBITS

Testimony of all witnesses to be sponsored by the parties and Staff has been prefiled. All testimony which has been prefiled in this case will be inserted into the record as though read after the witness has taken the stand and affirmed the correctness of the testimony and associated exhibits. All testimony remains subject to appropriate objections. Each witness will have the opportunity to orally summarize his or her testimony at the time he or she takes the stand. Upon insertion of a witness' testimony, exhibits appended thereto may be marked for identification. After all parties and Staff have had the opportunity to object and cross-examine, the exhibit may be moved into the record. All other exhibits may be similarly identified and entered into the record at the appropriate time during the hearing.

Witnesses are reminded that, on cross-examination, responses to questions calling for a simple yes or no answer shall be so answered first, after which the witness may explain his or her answer.

IV. ORDER OF WITNESSES

The public officials (such as mayors, county commissioners, legislators, etc.) in attendance at the beginning of the hearing will be allowed to testify first, followed by other members of the public wishing to testify.

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES NOS.</u>
Craig Spearman* (Direct/Rebuttal)	City of Lake Mary, City of Sanford, and Seminole County	1 - 9
Bruce H. Reynolds (Direct)	United	1 - 9

<u>WITNESS</u>	<u>APPEARING FOR</u>	<u>ISSUES NOS.</u>
Mario L. Soto (Direct)	Southern Bell	1 - 9
Sandra M. Fox (Direct)	Southern Bell	3 - 7
Richard L. Cimerman (Direct)	Staff	1 - 9

*This is the only witness for the cities or the county that has prefiled testimony in this matter. Members of the public will be afforded an opportunity to testify at the beginning of the public hearing in Lake Mary and are not required to file written testimony.

V. BASIC POSITIONS

LAKE MARY'S BASIC POSITION: It is the position of the City of Lake Mary, the City of Sanford and Seminole County that the Commission should order Southern Bell Telephone and Telegraph Company (Southern Bell) to implement two-way non-optional flat rate EAS between the Sanford/Lake Mary and Orlando Exchanges for regrouping only and should order United Telephone Company of Florida and Southern Bell to implement a 25¢ plan between the Sanford/Lake Mary and Apopka Exchanges.

SOUTHERN BELL'S BASIC POSITION: There is not sufficient community of interest on any of the routes being considered in this docket to justify implementation of traditional, flat rate extended area service ("EAS"). Moreover, Southern Bell believes that all customers should not be burdened with flat rate EAS for which most customers have no use. Southern Bell favors optional service arrangements because they offer all customers greater flexibility in their selection of services based on their own calling patterns.

Southern Bell believes that a new toll alternative should be implemented on the Sanford and Geneva to Orlando routes, consisting of an extended calling plan similar to the one approved in Docket No. 910179-TL. However, the Lake Mary Marketreachsm experiment should not be interrupted.

UNITED'S BASIC POSITION: United's basic position is that United's traffic studies of the Apopka to Sanford and Apopka to Geneva

routes do not reveal a degree of community of interest which warrants further consideration for either flat rate nonoptional EAS, or any other toll alternative.

STAFF'S BASIC POSITION: Subscribers in the Geneva and Sanford exchanges should be surveyed separately under the 25/25 plan with regrouping (nonoptional, flat rate, two-way calling) on the Geneva/Orlando and Sanford/Orlando routes at the rates in Issue 7. The Geneva/Apopka and Sanford/Apopka routes do not qualify for any toll relief plan at this time.

VI. ISSUES AND POSITIONS

ISSUE 1: Is there a sufficient community of interest on the Sanford/Orlando, Sanford/Apopka, Geneva/Orlando, or Geneva/Apopka toll routes to justify implementing EAS as currently defined in the Commission rules, or implementing some alternative toll proposal?

LAKE MARY'S POSITION: There is a sufficient community of interest on the Sanford/Orlando route to justify implementing two way flat rate non-optional EAS. There is a sufficient community of interest on the Sanford/Apopka route to justify implementing an EAS alternative.

SOUTHERN BELL'S POSITION: The results of Southern Bell's traffic study conducted during the month of July 1991 indicate that neither two-way nor one-way community of interest, as defined in the Commission rules, exists on any of these routes. All of the routes involved have two-way calling rates of less than two calls per access line per month. The Sanford to Orlando and Geneva to Orlando routes have one-way calling rates greater than three calls per access line per month but the percentage of customers making two or more calls per month is less than fifty percent.

If one assumed, as was done by the Commission Staff in its recommendation dated January 23, 1992 in this docket, that the customers subscribing to the premium flat rate EOEAS option in Sanford and Geneva made two or more calls to Orlando per month, then the percentage of customers making two or more calls on these two routes would be at least 50 percent. Therefore, those callers who have a particular need to call Orlando frequently may be provided additional flexibility through the implementation of a new toll alternative on the Sanford and Geneva to Orlando routes,

consisting of an extended calling plan similar to the one approved in Docket No. 910179-TL.

UNITED'S POSITION: The traffic studies used to evaluate the appropriateness of EAS on the Apopka to Sanford and Apopka to Geneva routes reveal only a minimal degree of community of interest. In a given month, less than 1/3 of all Apopka subscribers will call the Sanford exchange even once.

Calling volumes from Apopka to Geneva are lower still. The calling volumes do not justify adding Sanford or Geneva to Apopka's flat rate local calling scope or implementing an alternative toll proposal.

STAFF'S POSITION: Yes. There is a sufficient community of interest, as measured by the traffic volumes on the Sanford/Orlando and Geneva/Orlando routes to survey for nonoptional, flat rate, two-way, toll free calling (25/25 plan with regrouping). However, there is not a sufficient community of interest on the Geneva/Apopka or Sanford/Apopka routes to justify an alternative form of EAS.

ISSUE 2: What other community of interest factors should be considered in determining if either an optional or nonoptional toll alternative should be implemented?

LAKE MARY'S POSITION: The Commission has referred to various specific community of interest factors in numerous EAS dockets, such as Docket No. 871268-TL, Escambia County EAS, and the Commission's previous approach to determining community of interest is acceptable for this proceeding.

SOUTHERN BELL'S POSITION: There are several factors which should be considered in determining community of interest between exchanges. The call rate between exchanges is one indicator of the degree of community of interest between two exchanges. Additional evidence as to the degree of community of interest is the call distribution obtained from the traffic studies.

In addition to the considerations provided for in the Commission rules, there are some intangible factors often mentioned by customers desiring EAS which could be considered for determining levels of community of interest. The location of schools, fire/police departments, medical/emergency facilities and county

offices are some of the factors which may be considered in identifying community of interest levels.

UNITED'S POSITION: United has not identified any community of interest factors which would justify a change in the local calling scope of United's Apopka exchange. Given the low rate of calling the evidence does not reveal that a community of interest exists on either the Apopka to Sanford route or the Apopka to Geneva route.

STAFF'S POSITION: In the case of the Sanford/Orlando and Geneva/Orlando routes, no other community of interest factors need be considered, since the calling volume requirement for a customer survey has been met. In the case of the Sanford/Apopka and Geneva/Apopka routes, there are no unusual community of interest factors or demographic considerations which are not reflected in the calling rates on these routes.

ISSUE 3: What plans, including the plans listed below, should be considered, and what is the economic impact of each plan on the customer and the company (summarize in chart form and discuss in detail)? Should the same plan be implemented in both directions; be optional or nonoptional; be one-way or two-way?

- A. EAS (on qualifying routes at full cost recovery, no leapfrogging)
- B. \$.25 plan
- C. 25/25 plan with regrouping
- D. Flat rate EAS with regrouping only
- E. MarketReach
- F. Other (specify)

LAKE MARY'S POSITION: A. EAS should be considered on the Sanford/Orlando route, but not at full cost recovery. The Commission has apparently never allowed full cost recovery in any recent EAS proceeding, even though Commission Rule 25-4.062, F.A.C., states that recovery of costs should be allowed. The Commission always waives the rule, either expressly or impliedly, and it should do so in this case, too.

B. The \$.25 plan is appropriate for the Sanford/Apopka route and should be considered by the Commission and implemented. Calling rates on the route are similar to the calling rates on other routes on which such a plan has been implemented. For

example, see Docket No. 910763-TL, where a \$.25 plan was implemented with a calling rates of 1.29 MMMs and with 16.5% of the subscribers making two or more calls per month.

C. The 25/25 plan with regrouping should not be considered. The Sanford/Lake Mary subscribers have already paid a premium for alternative EAS for several years and no further "buy-in" is warranted to obtain EAS.

D. Flat rate two-way non-optional EAS with regrouping only should be considered and implemented on the Sanford/Orlando route.

E. MarketReach should be discontinued and replaced with traditional EAS to Orlando, which the Sanford/Lake Mary subscribers have earned the right to have implemented immediately for a regrouping charge only.

F. Optional EOEAS (one way) for a very high additive should be discontinued and replaced with traditional EAS to Orlando, which the Sanford/Lake Mary subscribers have earned the right to have implemented immediately for a regrouping charge only.

SOUTHERN BELL'S POSITION: Southern Bell believes that no traditional, flat rate EAS plans should be considered. Nevertheless, in order to address this issue, Southern Bell has investigated several plans, including traditional, flat rate EAS, for calling between Sanford and Orlando, and between Geneva and Orlando.

The economic impact on customers and Southern Bell has been estimated along the Sanford/Orlando and Geneva/Orlando routes for the following plans:

1. Non-optional flat rate EAS at full cost recovery to Southern Bell with no leapfrogging of exchanges;
2. Non-optional flat rate EAS 25/25 with regrouping;
3. Non-optional flat rate EAS with regrouping only;
4. 25 Cent plan;
5. Extended calling plan similar to the plan approved by the Commission for the Tampa Bay area in Docket No. 910179-TL;

6. Same as No. 5 above except that in the Lake Mary wire center in Sanford, Marketreachsm service would be the only plan available to Lake Mary customers.

The economic impact of each of these plans is set forth in Mr. Soto's pre-filed testimony and exhibits.

UNITED'S POSITION: See the attached chart of plans and the economic impact of each (Attachment A to this Order). With regard to United's Apopka exchange, none of the plans should be considered based on current Commission rules and the low calling rates between the Apopka exchange, and the Sanford and Geneva exchanges.

A. EAS (full cost recovery)--EAS should not be considered on the Apopka to Sanford and Apopka to Geneva routes.

B. \$.25/Message Plan--The \$.25 plan has generally been well received where it has been implemented in United's territory. For most customers it results in a rate decrease. However, the \$.25 plan is not the appropriate solution in every instance where EAS is not justified due to a lack of community interest. On the Apopka to Sanford and Apopka to Geneva routes, the need for a nonoptional toll alternative is not apparent. The \$.25 plan would constitute an average rate per message decrease of 61% for Apopka to Sanford calls, and a 76% decrease for Apopka to Geneva calls. The basis for a rate reduction of this magnitude for these customers is not clear, and is likely to lead to greater confusion and perceived inequity for many of United's other customers.

C. 25/25 Plan With Regrouping--The Apopka exchange is presently in United's highest rate group, so there would be no regrouping additive if this plan were ordered. The subscribers in the Apopka exchange have not requested EAS in this docket, and would receive little benefit if EAS were implemented. Under these circumstances, the 25/25 plan is not appropriate. The attached chart summarizes the impact of the 25/25 plan and the other alternative plans. The overall revenue increase that would result from the 25/25 plan illustrates the negative impact this plan would have on United's Apopka customers.

D. EAS With Regrouping Only
See response to C. above.

E. MarketReach

The MarketReach plan is not applicable in United's territory.

STAFF'S POSITION: The only plan which should be considered on the Sanford/Orlando and Geneva/Orlando routes is the 25/25 plan with regrouping. Subscribers in the Sanford and Geneva exchanges should be surveyed separately as outlined in Issue 8.

No alternative should be implemented on the Sanford/Apopka and Geneva/Apopka routes. If the Commission, however, were to consider some alternative, the only alternatives which should be considered are the \$.25 plan or a hybrid plan which offers residential customers a \$.25 message rate and business customers a per minute usage rate.

ISSUE 4: Should subscribers be required to pay an additive as a prerequisite to implementation of EAS? If so, how much of a payment is required and how long should it last?

LAKE MARY'S POSITION: Sanford/Lake Mary subscribers should not have to pay any more additives, unless related to the number of access lines in their calling area. Many Sanford/Lake Mary subscribers have already paid significant additives for several years. Neighboring communities have never paid such additives for their EAS service, and continuation of any further penalty to Sanford/Lake Mary subscribers would be unwarranted and unfair.

SOUTHERN BELL'S POSITION: Southern Bell believes that no traditional, flat rate EAS plan should be implemented. However, full cost recovery through rate additives is appropriate to offset the costs of traditional, flat rate EAS.

UNITED'S POSITION: United's subscribers should not be required to pay an EAS additive since there is no justification or evidence that the Apopka to Sanford and Apopka to Geneva routes qualify for EAS.

STAFF'S POSITION: Yes, subscribers should be required to pay an additive as a prerequisite to implementation of EAS, in order to be consistent with previous EAS dockets. The required additive should be derived from the formula known as the 25/25 plan with regrouping. The additive should remain in effect until the next Modified Minimum Filing Requirements (MMFR) review after

implementation of EAS, or until the Commission chooses to dispose of some excess company earnings.

ISSUE 5: What are the specific cost items that should be considered in determining the proper cost of the implementation of EAS? What are the costs of implementation for each route for flat rate, nonoptional, two-way, traditional EAS? Should the plan the Commission implements permit full recovery of costs and lost revenues, including incremental costs?

LAKE MARY'S POSITION: If there are additional cost items not already recovered by Southern Bell or which cannot and should not be recovered from the general body of Southern Bell rate payers, then such cost items, such as the cost of additional facilities or lost toll, should be recovered from the fund of money set aside by Southern Bell for recovery of costs attributable to EAS implementation.

SOUTHERN BELL'S POSITION: Specific cost items that should be considered include switching investment, trunk facilities, annual charges, directory costs, leasing costs, toll and FX revenue reduction. The costs of implementation of EAS and toll alternatives are set forth in Mr. Soto's prefiled testimony and exhibits. If the Commission adopts traditional, flat rate EAS, full cost recovery should be permitted.

UNITED'S POSITION: The cost components associated with EAS implementation usually consist of lost toll revenues, additional trunk and facilities investments, and the nonrecurring cost of installing and implementing the changes. On the Apopka to Sanford and Apopka to Geneva routes, United's existing network may be able to accommodate a moderate increase in traffic volume without the addition of facilities in the near term.

Commission Rules 25-4.061 and 25-4.062 are clear that full recovery of costs and lost revenue is permitted.

STAFF'S POSITION: For the purpose of this docket, this issue is not relevant, since the traffic studies clearly reflect a sufficient community of interest to warrant implementation of EAS on the Sanford/Orlando and Geneva/Orlando routes. The Commission should not require full recovery of Southern Bell's costs in this docket.

ISSUE 6: What revenue sources are available and appropriate to use to offset the costs of EAS implementation?

LAKE MARY'S POSITION: See response to Issue 5.

SOUTHERN BELL'S POSITION: Full cost recovery through rate additives is appropriate to offset the costs of traditional, flat rate EAS.

UNITED'S POSITION: United is not aware of any revenue sources to recover its costs on the Apopka to Sanford and Apopka to Geneva routes without an increase in the Apopka customers' local exchange service rates or the rates of other services offered to the general body of rate payers.

STAFF'S POSITION: Any revenue generated by an EAS additive is appropriate to use to offset the costs of EAS implementation and the toll revenue loss which results from implementation of EAS. Any additional costs or revenue loss not offset by EAS additive revenues should be addressed in the upcoming Southern Bell rate case.

ISSUE 7: What are the appropriate rates and charges for the plan to be implemented on these routes?

LAKE MARY'S POSITION: The appropriate rate for calls between Sanford/Lake Mary and Apopka is \$.25 per call. The appropriate rate for calls on the Sanford/Orlando route is the monthly charge for the appropriate rate group for each subscriber for the class of service taken by that subscriber.

SOUTHERN BELL'S POSITION: The rates and charges for the extended calling plan proposed by Southern Bell are shown on Mr. Soto's prefiled Exhibit No. 10.

UNITED'S POSITION: Current toll rates are appropriate for the Apopka to Sanford and Apopka to Geneva routes.

STAFF'S POSITION: The appropriate rates and charges for the plan to be implemented on the Sanford/Orlando and Geneva/Orlando routes are those rates and charges developed using the formula known as the 25/25 plan with regrouping. Specifically, the rates at which

customers should be surveyed for nonoptional, flat rate, two-way, toll free calling are as follows:

R-1	\$12.67	B-1	\$34.44	PBX	\$77.27
-----	---------	-----	---------	-----	---------

ISSUE 8: Should the customers be surveyed and if so, how should the survey be conducted? If surveyed customers fail to accept the plan presented to them, what alternatives, if any, should be considered?

LAKE MARY'S POSITION: There is no need to survey subscribers for a regrouping charge only. A survey is not taken when normal growth causes regrouping and that is exactly what should have happened to Sanford/Lake Mary subscribers over the years if they had been treated like their neighboring communities. If the Commission decides to survey customers, the vote should be decided by a majority of the votes of those responding. If a majority of those responding, vote in the negative, then the Commission should consider a toll alternative.

SOUTHERN BELL'S POSITION: Southern Bell concurs with Commission rule 25-4.063 regarding the method of handling customer polls, specifically, the portion of the rule that states "fifty-one percent (51%) of all subscribers in each exchange required to be surveyed vote favorably" for the requested non-optional EAS to be implemented. All customers who would receive an increase in their monthly rate for local service should be included in the poll.

UNITED'S POSITION: Apopka customers should not be surveyed. Apopka customers have not requested EAS in this docket. If EAS on these routes is considered further, neither additive under the 25/25 plan with regrouping should apply. Rate regrouping is not an issue since Apopka is currently in United's highest rate group. The additional 25% component under the 25/25 plan should not apply because Apopka subscribers have not expressed interest in EAS to the Sanford or Geneva exchanges, nor do they stand to benefit significantly if EAS is implemented.

STAFF'S POSITION: Sanford and Geneva customers should be surveyed at the rates shown in Issue 7, for nonoptional, flat rate, two-way EAS. The surveys should begin within thirty (30) days of the final order in this docket and should be conducted in accordance with Commission Rule 25-4.063, F.A.C. Southern Bell should obtain staff's prior approval of the survey letters. In addition, a

simple majority of subscribers voting favorably should be ordered as sufficient for passage of the respective survey.

If surveyed customers fail to accept the plan presented to them, they should instead be offered a hybrid plan, (residential customers would be charged a \$.25 message rate and business customers would be charged a measured rate.) In addition, the premium flat-rate EOEAS option should continue to be offered to residential customers, while the remaining EOEAS options should be discontinued.

ISSUE 9: What action should be taken regarding the experimental Lake Mary MarketReach plan and the Sanford/Orlando and Geneva/Orlando EOEAS plans?

LAKE MARY'S POSITION: The experiments imposed on the Sanford/Lake Mary subscribers should be terminated and the action recommended above in previous issue responses should be taken.

SOUTHERN BELL'S POSITION: The experimental Lake Mary Marketreachsm plan should not be interrupted. The Sanford/Orlando and Geneva/Orlando EOEAS plans (premium option only) should remain in place.

UNITED'S POSITION: United does not offer a MarketReach plan. Neither of the routes included in this issue are in United's service territory.

STAFF'S POSITION: If EAS is implemented on the Sanford/Orlando route, then the Lake Mary MarketReach plan and the EOEAS plan on that route should be discontinued. Similarly, if EAS is implemented on the Geneva/Orlando route, then the EOEAS plan on that route should be discontinued.

If either survey fails and a hybrid plan or other toll alternative is implemented on either the Sanford/Orlando or Geneva/Orlando route, then the EOEAS plan on that route should be treated as discussed in staff's position on Issue 8. As for the MarketReach plan, the plan should be allowed to continue until such time as some form of EAS is implemented on the Sanford/Orlando route. However, the intraLATA toll discount offered by the MarketReach plan should cover access charges.

VII. EXHIBIT LIST

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D. NO.</u>	<u>DESCRIPTION</u>
Craig Spearman	Lake Mary	A	Chart of Alternatives Available to Sanford/Lake Mary Subscribers for calling Orlando (3 pages)
		B	EAS Rates Analysis (2 pages)
Bruce H. Reynolds	United	BHR-1	Revenue Impacts (Formerly pages 4 and 5 of Attachment A to United's Prehearing Statement)
	Staff	BHR-2	Traffic Study in Response to Order No. 25031
Sandra M. Fox	Southern Bell	SMF-1	Economic Study EAS/25 Cent/ECS Plans
Mario L. Soto	Southern Bell	Exhibit 1	Map of Seminole and Orange Counties
		Exhibit 2	SBT Long Distance Toll Information for EAS

ORDER NO. PSC-92-0324-PCO-TL
DOCKET NO. 910762-TL
PAGE 18

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D.</u> <u>NO.</u>	<u>DESCRIPTION</u>
Mario L. Soto	Southern Bell	Exhibit 3	SBT Monthly Messages and Calling Rate Per Access Line
		Exhibit 4	Long Distance Calling for SBT Exchanges
		Exhibit 5	Economic Impact of EAS at Full Cost Recovery Rates
		Exhibit 6	Economic Impact of EAS at 25/25 Rates with Regrouping
		Exhibit 7	Economic Impact of EAS with Regrouping Only
		Exhibit 8	Economic Impact of 25 Cent Plan
		Exhibit 9	Economic Impact of EAS Plan Including Lake Mary
		Exhibit 10	Economic Impact of ECS Plan Excluding Lake Mary

<u>WITNESS</u>	<u>PROFFERED BY</u>	<u>I.D.</u> <u>NO.</u>	<u>DESCRIPTION</u>
Mario L. Soto	Southern Bell	Exhibit 11	Economic Impact of Toll Alternatives of Sanford and Geneva Customers
	Staff	MLS-12	Traffic Study in Response to Order No. 25031
Richard L. Cimerman	Staff	RLC-1	EAS Calling Volumes
		RLC-2	Map of Area
	Lake Mary	RLC-3	Florida EAS History Report
Southern Bell witness to be announced (see Section VIII)	Lake Mary	None	MarketReach Report

Parties and Staff reserve the right to identify additional exhibits for the purpose of cross-examination.

VIII. PROPOSED STIPULATIONS

1. The Motion to Compel Answers to Interrogatories filed April 10, 1992, by the City of Lake Mary, et.al., and Southern Bell's Response in Opposition thereto, filed April 22, 1992, were withdrawn based upon an agreement between Lake Mary and Southern Bell. The agreement contemplates that Southern Bell will provide a knowledgeable person or persons to be deposed on the subject matter at issue and then the deposition (and any exhibits thereto) would be stipulated into the evidentiary record of this proceeding.

2. Southern Bell and Lake Mary agreed to either stipulate the MarketReach Report into evidence or that Southern Bell would provide a witness at the hearing who could be questioned about the report.

ORDER NO. PSC-92-0324-PCO-TL
DOCKET NO. 910762-TL
PAGE 20

3. It was agreed by Lake Mary and United that Lake Mary's witness could comment on Exhibit BHR-1 during the summary of his testimony, if he believes it to be necessary, due to the inadvertent filing of the exhibit with United's prehearing statement instead of with Mr. Reynolds' prefiled testimony.

IX. PENDING MOTIONS

No motions are pending at this time.

X. RULINGS

There were no motions or other pleadings that required rulings at the time of the Prehearing Conference.

It is therefore,

ORDERED by Commissioner J. Terry Deason, as Prehearing Officer, that this Prehearing Order shall govern the conduct of these proceedings as set forth above unless modified by the Commission.

By ORDER of Commissioner J. Terry Deason, as Prehearing Officer, this 11th day of MAY, 1992.



J. TERRY DEASON, Commissioner
and Prehearing Officer

(S E A L)

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.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: 1) reconsideration within 10 days pursuant to Rule 25-22.038(2), Florida Administrative Code, if issued by a Prehearing Officer; 2) reconsideration within 15 days pursuant to Rule 25-22.060, Florida Administrative Code, if issued by the Commission; or 3) 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 wastewater utility. A motion for reconsideration shall be filed with the Director, Division of Records and Reporting, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

ORDER NO. PSC-92-0324-PCO-TL
 DOCKET NO. 910762-TL
 PAGE 22

ATTACHMENT A
 PAGE 1 OF 3 PAGES

UNITED TELEPHONE COMPANY OF FLORIDA

Revenue impact of Apopka to Sanford

REVENUE IMPACT OF EAS PLAN

Revenue Gain From Rate Increase

	Total Lines	Old Rate	New Rate	Revenue Impact
B1	2296	\$23.95	\$23.95	\$0.00
KEY	1802	\$36.70	\$36.70	\$0.00
PBX	323	\$47.90	\$47.90	\$0.00
			Total	\$0.00

Revenue Loss From Foregone Toll

Apopka to Sanford

Conversation Minutes	Average Rate Per Minute	Toll Revenue
137521	\$0.17	(\$23,912.36)

Apopka to Geneva

Conversation Minutes	Average Rate Per Minute	Toll Revenue
5547	\$0.21	(\$1,181.96)

TOTAL REVENUE IMPACT =(\$25,094.32)

REVENUE IMPACT OF \$.25 A MESSAGE PLAN

Revenue Gain From Rate Increase

	Total Lines	Old Rate	New Rate	Revenue Impact
R1	17909	\$10.20	\$10.20	\$0.00
B1	2296	\$23.95	\$23.95	\$0.00
PBX	323	\$47.90	\$47.90	\$0.00
			Total	\$0.00

ORDER NO. PSC-92-0324-PCO-TL
 DOCKET NO. 910762-TL
 PAGE 23

ATTACHMENT A
 PAGE 2 OF 3 PAGES

Revenues From \$.25 per Message Plan

Apopka to Sanford	Total Messages	Rate Per Message	Toll Revenue
	37146	\$0.25	\$9,286.50

Apopka to Geneva	Total Messages	Average Rate Per Message	Toll Revenue
	1119	\$0.25	\$279.75

Revenue Loss From Foregone Toll

Apopka to Sanford	Conversation Minutes	Average Rate Per Minute	Toll Revenue
	137521	\$0.17	(\$23,912.36)

Apopka to Geneva	Conversation Minutes	Average Rate Per Minute	Toll Revenue
	5547	\$0.21	(\$1,181.96)

TOTAL REVENUE IMPACT =(\$15,528.07)

REVENUE IMPACT OF 25/25 PLAN

Revenue Gain From Rate Increase - Apopka to Sanford

	Total Lines	Old Rate	** Rate Group 2 Local Rates	New Rate	Revenue Impact
R1	17909	\$10.20	\$7.20	\$12.00	\$32,236.20
B1	2296	\$23.95	\$16.90	\$28.18	\$9,700.60
KEY	1802	\$36.70	\$25.90	\$43.18	\$11,667.95
PBX	323	\$47.90	\$33.80	\$56.35	\$2,729.35
				Total	\$56,334.10

** Sanford has 38,032 lines, therefore, Apopka customers will pay their regular rates plus 25% of the Rate Group 2 rates.

Revenue Gain From Rate Increase - Apopka to Geneva

	Total Lines	Old Rate	** Rate Group 1 Local Rates	New Rate	Revenue Impact
R1	17909	\$10.20	\$6.45	\$11.81	\$28,878.26
B1	2296	\$23.95	\$15.15	\$27.74	\$8,696.10
KEY	1802	\$36.70	\$23.20	\$42.50	\$10,451.60
PBX	323	\$47.90	\$30.30	\$55.48	\$2,446.73
				Total	\$50,472.69

** Geneva has 1,824 lines, therefore, Apopka customers will pay their regular rates plus 25% of the Rate Group 1 rates.

ORDER NO. PSC-92-0324-PCO-TL
DOCKET NO. 910762-TL
PAGE 24

ATTACHMENT A
PAGE 3 OF 3 PAGES

Revenue Loss From Foregone Toll

Apopka to Sanford

Conversation Minutes	Average Rate Per Minute	Toll Revenue
----- 137521	----- \$0.17	----- (\$23,912.35)

Apopka to Geneva

Conversation Minutes	Average Rate Per Minute	Toll Revenue
----- 5547	----- \$0.21	----- (\$1,181.96)

TOTAL REVENUE IMPACT = \$81,712.48