

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution by) DOCKET NO. 940337-TL
Jacksonville City Council for) ORDER NO. PSC-94-1380-FOF-TL
extended area service (EAS)) ISSUED: November 14, 1994
between the Fort George and)
Jacksonville Beach exchanges)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING EXTENDED AREA SERVICE

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

This docket was initiated pursuant to Resolution No. 94-102-24 filed by the Jacksonville City Council requesting extended area service (EAS) between the Ft. George exchange and the Jacksonville Beach exchange. BellSouth Communications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) provides service to both the Ft. George and Jacksonville Beach exchanges. These exchanges are located within the Jacksonville LATA (local access transport area). By Order No. PSC-94-0528-PCO-TL, issued May 4, 1994, we required Southern Bell to conduct traffic studies on the Ft. George/Jacksonville Beach route. The Company has requested confidential treatment of its intraLATA traffic data.

I. Historical Information

On May 7, 1987, a citizen's petition was filed requesting EAS between Ft. George and the Jacksonville Beach exchanges (Docket No.87542-TL).

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

Traffic studies were filed by Southern Bell on August 18, 1987 indicating that the calling rate on this route was 7.66 M/A/Ms (Messages per Access Line per Month) with 77.64% of the subscribers making two or more calls per month. However, the calling rates in the other direction, .10 M/A/M and 1.66% distribution, were very low. Accordingly, it was determined EAS was not appropriate for this route. Instead, we determined that a newly developed toll alternative plan called the Threshold Plan would be more appropriate. This Plan was a nonoptional, one-way, call allowance, message rated plan which allowed customers of an exchange to call another exchange for a minimum monthly rate and a given number of calls. Calls exceeding the allotted number would be charged at a flat rate per call. The plan had a call allowance of six with a monthly additive of \$1.80. All calls over six would be rated at \$.30 per call.

By Order No. 18263, issued October 7, 1987, we ordered a subscriber survey of the Ft. George subscribers for the Threshold Plan to the Jacksonville Beach exchange. The EAS rules in effect at the time of this survey (Rule 25-4.063) stated

(5) The requested Extended Area Service shall be approved and ordered by the Commission upon a finding that:

(a) Fifty-one (51%) percent of all subscribers in each exchange required to be surveyed vote favorably; or

(b) Sixty (60%) percent of the respondents in each exchange vote favorable and at least seventy (70%) percent of all subscribers in each exchange required to be surveyed respond

Based on the results of the survey, the Threshold Plan failed.

In Order No. 18896, issued February 22, 1988, we stated:

Although the results of the subscriber survey fail to meet Commission standards for EAS, the calling rate between Ft. George and Jacksonville Beach justifies offering the subscribers of these exchanges a reduction in their toll rates . . .

We ordered an optional discounted toll plan (Toll-Pac) which offers a 30% discount on toll calls. This plan also required a subscription rate for residential subscribers of \$1.95 - \$5.30 per

month depending on what mileage band they desired. Business customers' monthly rate was \$3.60 - \$9.40 per month, also depending on the mileage band selected.

As a result of Southern Bell's Petition for Rate Stabilization (Docket No. 880069), we eliminated Toll-Pac and converted Toll-Pac subscribers to an existing optional toll plan called Enhanced Optional Extended Area Service (EOEAS). This plan offers a premium option which allows unlimited calling for a monthly flat rate. In addition, other discounted toll plans are available.

We note that the current subscription rate for the flat rate premium option of the optional EOEAS Plan on the Ft. George/Jacksonville Beach route is only 5.02%. In general, subscription rates for any optional plan are relatively low; however, compared to other routes with similar optional toll plans, the Ft. George to Jacksonville Beach premium option take rate is lower than normal.

II. Evaluation for EAS

In order to be considered for balloting for EAS, Rule 25-4.060(3), Florida Administrative Code, requires a calling rate of at least three (3) Messages per Access Line per Month (M/A/Ms) in cases where the petitioning exchange contains less than half the number of access lines as the exchange to which extended area service is desired. This rule further requires that at least 50% of the subscribers in the petitioning exchange make two or more calls per month to the larger exchange to qualify for traditional EAS.

After reviewing the current traffic study, we were concerned about the drastic change in calling patterns of this route from July 1987 to April 1994. Because of the large difference in the distribution data and the reduction in M/A/Ms during this period, we requested Southern Bell to conduct an additional traffic study to determine if any errors existed.

The second study, July 1994, reflected relatively the same calling patterns as the April 1994 study. Based on historic intra-company M/A/M traffic data, the M/A/M rate from 1987-89 remained about the same, but by 1990, the M/A/M rate dropped significantly. From 1990-1993, the M/A/M rate remained relatively constant.

Distribution information was not available from 1988-93. By 1994, however, the M/A/M rate increased moderately from 1993, but the distribution percentage had decreased considerably from the 1987 traffic study.

It cannot be determined what circumstances could have caused such a drastic change in distribution or calling rate. We do not have reason to believe that Southern Bell's historic or current traffic study data is incorrect.

The calling rates for the Ft. George/Jacksonville Beach route did meet the 3 M/A/M rule requirement; however, the distribution requirement fell significantly below the 50% threshold. Therefore, based on the requirements of Rule 25-4.060(3), Florida Administrative Code, we find that the Ft. George/ Jacksonville Beach route does not qualify for nonoptional, flat rate, two-way extended area service.

III. Alternative Plans

Historically, we have implemented the \$.25 calling plan on routes that did not meet the calling volume or distribution requirements but exhibited a substantial showing. Typically, these cases were close to meeting the rule requirements but failed either on the distribution or volume level by a small percentage.

The Ft. George/Jacksonville Beach route did exhibit calling rates in excess of the 3 M/A/M rule requirement; however, it fell significantly short of the 50% distribution criteria. Generally, this type of calling pattern indicates that there are a few high volume users which increase the average, but the majority of subscribers make few or no calls.

The calling patterns on the Ft. George/Jacksonville Beach route do not exhibit a sufficient community of interest to warrant any form of toll relief. Therefore, we hold that no alternative toll plans shall be implemented on this route.

It is therefore

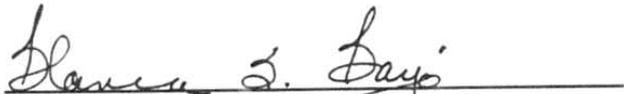
ORDERED by the Florida Public Service Commission that request by the Jacksonville City Council for extended area service between the Ft. George exchange and the Jacksonville Beach exchange is hereby denied for the reasons set forth in the text of this Order. It is further

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ORDERED that no alternative toll plans shall be implemented on this route. It is further

ORDERED that this Order shall become final and effective and this docket shall be closed on the date set forth below if no timely protest is filed pursuant to the requirements set forth below.

By ORDER of the Florida Public Service Commission, this 14th day of November, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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

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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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 5, 1994.

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 substantially 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.