

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request by Broward Board) DOCKET NO. 911034-TL
of County Commissioners for) ORDER NO. PSC-94-0572-FOF-TL
extended area service between) ISSUED: May 16, 1994
Fort Lauderdale, Hollywood,)
North Dade and Miami.)
_____)

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JULIA L. JOHNSON
DIANE K. KIESLING
LUIS J. LAUREDO

ORDER APPROVING SETTLEMENT AGREEMENT

BY THE COMMISSION:

I. BACKGROUND

This docket was initiated pursuant to a resolution filed by the Broward County Commission requesting implementation of extended area service (EAS) between the Ft. Lauderdale, Hollywood, North Dade and Miami exchanges. The Commission also received a number of letters from residents of the Weston and Davie areas of the Ft. Lauderdale exchange, requesting EAS between Ft. Lauderdale, North Dade and Miami. These exchanges are all located in the Southeast LATA. BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) provides the local service to the affected exchanges. The Ft. Lauderdale and Hollywood exchanges are located in Broward County while the North Dade and Miami exchanges are located in Dade County.

By Order No. 25208 this Commission required Southern Bell to conduct traffic studies on these routes. By Order 25517 we granted Southern Bell's Motion for Extension of Time to file the traffic studies. The traffic studies were conducted for a thirty (30) day period beginning October 15, 1991 through November 13, 1991. On January 16, 1992, the Company filed traffic studies with the Commission.

By Order No. PSC-92-420-FOF-TL the Commission denied flat rate EAS on these routes since the calling rates did not meet EAS rule requirements. In addition, because of the complexity of the issues

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surrounding this docket and the potential revenue impact of any alternative toll relief plan, the Commission found it appropriate to consolidate this docket with the Southern Bell Rate Case (920260-TL) and consider alternative toll relief for these routes within the context of the rate case. See Order No. PSC-92-0842-FOF-TL. When the Southern Bell Rate Case was delayed, the Commission removed this docket from the Southern Bell Rate Case. In addition, the Commission ordered the Company to conduct new traffic studies and proposed to implement the \$.25 hybrid plan on the Ft. Lauderdale/North Dade, Ft. Lauderdale/Miami and Hollywood/Miami except for the Pembroke Pines. See Order No. PSC-93-0842-FOF-TL.

On June 25, 1993, FIXCA filed a protest to Order No. PSC-93-0842-FOF-TL. The protest requested an evidentiary hearing. On June 28, 1993, Southern Bell filed a Motion for Clarification of Order No. PSC-93-0842-FOF-TL or alternatively, a Petition for Formal Proceeding.

By Order No. PSC-93-1301-FOF-TL the Commission again consolidated Docket No. 911034-TL into Docket No. 920260-TL. In addition Southern Bell was directed to conduct new traffic studies on the involved routes. Southern Bell filed the new traffic studies December 7, 1993.

By Order No. PSC-94-0172-FOF-TL the Commission approved a settlement of the rate case. Paragraph 8 of the Stipulation set aside \$11 million, beginning in 1995 to resolve the issues in this docket.

On March 31, 1994, Southern Bell and the Florida Interexchange Carriers Association (FIXCA) filed a Joint Motion seeking approval of the Stipulation and Agreement between Southern Bell and FIXCA resolving the issues in this docket. A copy of the agreement is attached to this Order as Attachment I.

II. SETTLEMENT AGREEMENT

Under the terms of the stipulation, Southern Bell will implement the hybrid \$.25 plan on the Ft. Lauderdale/Miami, Hollywood/Miami, and Ft. Lauderdale/North Dade routes on January 23, 1995. Except for the residential premium flat rate option, the EOEAS plan presently in place on the North Dade to Ft. Lauderdale and the Hollywood to Miami routes will be cancelled. The point-to-point plan on the Miami to Hollywood route will also be cancelled. Except for the current residential customers who subscribe to the

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unlimited unmeasured option on the Pembroke Pines Pilot local measured service plan (Pilot Plan), the Pilot Plan will be cancelled with implementation of the hybrid \$.25 plan.

Calls on these routes by Southern Bell will be furnished on a seven digit basis. LEC and Non-LEC pay telephone providers will charge end users the local \$.25 charge, and the providers will pay the standard non-LEC pay phone local usage rate to the LEC.

The agreement is intended by the parties to resolve the issues in this docket. We also note that the parties retain their respective positions regarding the form in which future toll relief should be granted in the Commission's planned generic investigation into extended area service (EAS) issues. If the final Commission order in the generic investigation differs from the hybrid \$.25 plan, Southern Bell may seek authority to recover its additional lost revenues and costs, if any, resulting from implementation of such alternative toll relief plan.

The hybrid \$.25 plan is identical to GTE Florida Incorporated's ECS plan approved by the Commission in Docket No. 910179-TL. The plan provides for a \$0.25 message rate for residence and a measured rate of \$0.10 for the first minute and \$.06 for additional minutes for business. The measured rate for business customers was determined to be appropriate because the calling characteristics, in terms of call durations and calling patterns, differed for business customers.

A significant affect of this agreement is that interexchange companies (IXCs) may continue to carry the same types of traffic on these routes that they are now or hereafter authorized to carry. We note that this is a change in our current policy. We currently have a proceeding to address revisions to our EAS rules. One issue to be considered is whether IXCs should be allowed to carry traffic on \$.25 routes. Allowing IXCs to continue to carry this traffic will avoid the possible harm done by precluding IXCs from operating on a route on which they may have significant traffic volumes now, only to reopen that route to competition later. Whatever decision results from the EAS rule investigation can be applied prospectively to these routes.

We also note that implementation of the hybrid plan in this case is not consistent with our current policy of deferring alternative toll plans pending conclusion of our review of EAS rules. However, this EAS request has been pending for three years. Moreover, \$11 million was set aside specifically for EAS on these routes as part of the settlement in the Southern Bell rate case.

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We believe it is appropriate to take action at this time, recognizing that some other changes may occur later, pending the outcome of the EAS rules.

The Parties, in the spirit of negotiation and compromise, believe this settlement will avoid expenditure of further time, money and other resources in litigating these issues which will be considered in the context of the generic investigation. The Broward/Dade County ratepayers will receive the benefits of the hybrid \$.25 plan on the Ft. Lauderdale/Miami, Hollywood/Miami, and Ft. Lauderdale/North Dade routes beginning January 23, 1995. In addition, subscribers who choose to use an IXC on these routes may continue to do so.

Upon consideration of the foregoing, we find it appropriate to approve the proposed settlement between FIXCA and Southern Bell. In order to provide adequate information to customers, Southern Bell shall notify all affected subscribers of the changes being made pursuant to the settlement agreement within sixty (60) days of the issuance of this Order and again ninety (90) days prior to January 23, 1995.

The revenue impact under the settlement considering the requested routes and using the GTEFL stimulation, is estimated at approximately \$10,891,000. This only includes toll revenue losses, and not facilities upgrades or other expense charges. Under paragraph 8 of the Settlement between the Office of Public Counsel and Southern Bell up to \$11 million was set aside for implementation of toll relief on the routes involved in this case. The difference in the \$11.8 million figure mentioned in Southern Bell's protest of Order No. PSC-93-0842-FOF-TL and the \$10,891,000 is because Southern Bell will continue to receive switched access charge revenues from IXCs on these routes in addition to the hybrid \$.25 revenues while losing toll revenues. Southern Bell will be allowed to offset the \$800,000 difference between its original projections and the new estimate from the balance available on October 1, 1995.

Following implementation of the \$.25 hybrid calling plan, Southern Bell shall file quarterly reports with the Commission's Division of Records and Reporting, broken down on a monthly basis for a two year period. These reports shall include a detailed analysis of the distribution of usage among subscribers, over each route, segregated between business and residential users, showing 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. For each calling category, separately for

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residence and business, also include the associated total messages, minutes, revenue, lines, and customers. These reports on usage shall be filed for a two year period following implementation. These usage reports shall also include a record of any customer contact regarding the \$.25 hybrid plan, along with the reason for such contact.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Joint Motion seeking approval of the Stipulation and Agreement between BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company and the Florida Interexchange Carriers Association resolving the issues in this docket is approved as set forth in the body of this Order. It is further

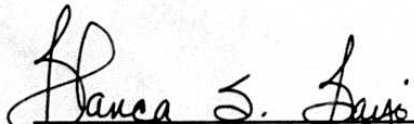
ORDERED Southern Bell shall file quarterly reports with the Division of Records and Reporting detailing customer usage under the \$.25 hybrid plan as set forth in the body of this Order. It is further

ORDERED that Southern Bell shall notify all affected subscribers of the changes being made pursuant to the implementation of the settlement agreement within sixty (60) days of the issuance of this Order and again ninety (90) days prior to January 23, 1995. It is further

ORDERED that the revenue effects of the implementation of the settlement in this case shall be treated in accordance with Paragraph 8 of the settlement between the Office of Public Counsel and Southern Bell in Docket No. 920260. It is further

ORDERED that this docket be closed.

By ORDER of the Florida Public Service Commission, this 16th day of May, 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) 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 sewer 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 after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Civil Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.