

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution by Levy) DOCKET NO. 930995-TL
County Board of County) ORDER NO. PSC-94-1533-FOF-TL
Commissioners for county-wide) ISSUED: December 12, 1994
calling within Levy County and)
extended area service (EAS) from)
Chiefland and Cedar Key to)
Gainesville)
_____)

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

ORDER IMPLEMENTING EXTENDED AREA SERVICE
AND NOTICE OF PROPOSED AGENCY ACTION
ORDER REQUIRING SURVEY

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed in Sections III and IV 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.

I. Background

This docket was initiated pursuant to a resolution filed by the Levy County Board of County Commissioners for countywide calling within Levy County and for extended area service (EAS) from Chiefland and Cedar Key to Gainesville. The exchanges are served by BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) except the Williston exchange, which is served by United Telephone Company of Florida (United). These exchanges are located within the Gainesville LATA (local access transport area).

By Order No. PSC-93-1589-PCO-TL, issued November 1, 1993, we required Southern Bell and United to conduct traffic studies on these routes. By Order No. PSC-94-0005-PCO-TL, issued

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FPSC-RECORDS/REPORTING

January 3, 1994, we granted Southern Bell an extension of time until April 1, 1994 to file its traffic studies.

By Order No. PSC-94-0589-PCO-TL, issued May 19, 1994, we required Southern Bell and United to conduct traffic studies on the routes that were inadvertently omitted from the first traffic study.

By Order No. PSC-94-0766-PCO-TL, issued June 21, 1994, we required Southern Bell to survey its customers in the Bronson exchange for nonoptional, two-way, flat rate EAS to the Gainesville exchange under the 25/25 plan with regrouping. The order provides that if implemented, the additive shall stay in effect for two years or until Southern Bell's next earnings review, whichever comes later.

II. Results of Survey - Bronson and Gainesville Exchanges

Southern Bell mailed 2,085 ballots to all customers of record in the Bronson exchange. The results of the survey are provided in Table A:

TABLE A
SURVEY RESULTS

| | NUMBER | PERCENT OF TOTAL MAILED | PERCENT OF TOTAL RETURNED |
|------------------|--------|----------------------------|------------------------------|
| Ballots Mailed | 2,085 | 100.00% | |
| Ballots Returned | 988 | 47.39% | 100.00% |
| For EAS | 747 | 35.83% | 75.61% |
| Against EAS | 220 | 10.55% | 22.27% |
| Invalid | 21 | 1.01% | 2.12% |

Rule 25-4.063(6), Florida Administrative Code, requires a majority of all respondents in each exchange to vote favorably and at least 40% of all ballots sent must be returned. Based on this rule, the survey passed because 47.39% of all ballots mailed were returned, and 75.61% of the ballots returned voted in favor of EAS.

Based on the results of the survey, we find that Southern Bell shall implement nonoptional, two-way, flat rate EAS between the Bronson exchange and the Gainesville exchange at the rates stated in Order No. PSC-94-0766-POF-TL. That Order further required that if this survey passes, then the Optional Extended Area Calling Plan

and the Enhanced Optional Extended Area Service (EOEAS) on the Bronson to Gainesville route shall be discontinued simultaneously with the implementation of EAS. We hold that this route shall be implemented as soon as possible but not to exceed twelve months from the issuance date of this Order.

III. Review of routes from additional traffic study

The original traffic study order required traffic data between specific exchanges within Levy County and from the Levy County portion of the Dunnellon, Trenton, and Archer exchanges. Traffic data for the Dunnellon, Trenton, and Archer exchanges as a whole was inadvertently omitted from the original traffic study order. A second traffic study order was issued to study these routes.

Rule 25-4.060(3)(a), 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.

Southern Bell has filed its intraLATA calling volumes for its toll routes with a request for confidential classification. Our evaluation is based on these calling rates.

To avoid leapfrogging, we are including the Newberry exchange in the EAS balloting request to Gainesville. Currently, Trenton and Newberry have the \$.25 plan to each other. Residential and business calls are rated at \$.25 per call regardless of duration. Newberry has a residential optional flat rated calling plan to Trenton, the EOEAS - Premium Option, for an additional \$4.70 per month. The residential take-rate of 5.05% on this option is relatively low.

Currently, Trenton has an optional flat rated calling plan to both Newberry and Gainesville, the Enhanced Optional Extended Area Service (EOEAS) - Premium Option. Under this plan, residential customers pay, in addition to their basic monthly rate, \$9.25 per month. The take-rate for this residential flat rated option is 11.41%, which is high for an optional plan.

The Trenton exchange also has discounted toll and incoming toll discount options available to residential, business, PBX and ESSX customers to the Gainesville exchange (EOEAS). In addition to the monthly basic local rate, and depending on what option is

selected, residential customers pay between \$3.80 - \$4.95, business customers pay between \$7.60 - \$10.80, and PBX/ESSX customers pay between \$15.20 - \$16.20. The take-rate of .82% for these options by residential customers is very low. The take-rate for the business discount option was 6.36%, with an overall 7.01% take-rate for business options.

Based on the requirements of Rule 25-4.060(3)(a), Florida Administrative Code, we find that the Trenton subscribers shall be surveyed for nonoptional, two-way, flat rate EAS to the Gainesville and Newberry exchanges. The subscriber survey shall be in compliance with Rule 25-4.063, Florida Administrative Code. The survey shall begin within forty-five (45) days of the date this Order becomes final. Southern Bell shall submit the newspaper advertisement for the Commission staff's review prior to publication. The survey letter and ballot also shall be submitted to Commission staff for review prior to distribution to its customers. Also, Southern Bell shall submit a copy of the published newspaper advertisement and the dates run.

If the survey passes, the following types of Enhanced Optional Extended Area Service (EOEAS) options shall be discontinued simultaneously with the implementation of EAS: Premium - flat rate on the Trenton to Gainesville and Newberry routes; remaining options on the Trenton to Gainesville route; and Premium - flat rate on the Newberry to Trenton route.

We find that the calling rates on the remaining routes reviewed in the additional traffic study do not qualify for nonoptional, two-way, flat rate EAS.

In recent EAS dockets in which calling volumes were sufficient to warrant consideration of nonoptional, flat rate, two-way EAS, we have approved surveys with the 25/25 additive plus regrouping rather than with regrouping alone. Under the 25/25 additive plus regrouping, subscribers are charged two additives to their standard monthly rates. 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 25/25 additive is typically removed after two years or in the company's next rate case, whichever is later.

If two-way EAS were to be implemented on the Trenton/Gainesville and Trenton/Newberry routes, the Trenton exchange would move from rate group 2 to 5. As a result, the calling scope of the Trenton exchange would increase along with local rates. The Trenton customers shall be surveyed for nonoptional, flat rate, two-way EAS pursuant to Rule 25-4.063, Florida Administration Code.

Southern Bell shall survey its Trenton subscribers for nonoptional, flat rate, two-way EAS to the Gainesville exchange under the 25/25 additive plus regrouping at the rates listed in Table B:

TABLE B

| Present Rates | 25/25 Additive | Regrouping | Total Additive | New Rate |
|---------------|----------------|------------|----------------|----------|
| R-1 \$ 7.70 | \$ 2.20 | \$ 1.10 | \$ 3.30 | \$ 11.00 |
| B-1 \$20.80 | \$ 5.96 | \$ 3.05 | \$ 9.01 | \$ 29.81 |
| PBX \$35.36 | \$ 10.14 | \$ 5.19 | \$ 15.33 | \$ 50.69 |

The 25/25 additive was derived by calculating the additional calling scope gained by the Trenton subscribers. The number of access lines by which the calling scope of the Trenton exchange will increase is simply the number of access lines in the Gainesville (93,570) and Newberry (3,311) exchanges. This number of access lines was then applied to Southern Bell's rate group schedule to determine the 25/25 additive. With the addition of these access lines to the current calling scope in the Trenton exchange (7,011), the new total would be 103,892 access lines. This will move Trenton from rate group 2 to rate group 5. The Gainesville exchange will not regroup from gaining local calling to the Trenton exchange (Gainesville can already call Newberry toll-free). The Newberry exchange will not regroup from gaining local calling to the Trenton exchange.

We hold that the Trenton subscribers shall be surveyed under the 25/25 additive plus regrouping at the rates listed above in Table B. If the survey passes, the additive shall stay in place for at least two years after implementation or until Southern Bell's next earnings review, whichever comes later.

IV. Alternative Plans

The calling rates on the remaining routes in the additional traffic study do not have sufficient calling volumes or

distribution to warrant an alternative toll plan. None of the routes met the 3 M/A/M requirement or the distribution criteria.

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 requirements but failed either on the distribution or volume level by a small percentage. With exception of the Archer/Williston route, the routes examined in this traffic study were not close to meeting the requirements. The Archer/Williston route met the M/A/M requirement but fell significantly short of the distribution requirement.

The calling rates on the routes studied 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 these routes.

It is therefore,

ORDERED by the Florida Public Service Commission that BellSouth Telecommunications, Inc., d/b/a Southern Bell Telephone and Telegraph Company shall implement two-way, nonoptional flat rate extended area service between the Bronson and Gainesville exchanges. This route shall be implemented as soon as possible but no later than twelve months from the issuance date of this Order. It is further

ORDERED that Southern Bell shall implement two-way, flat rate extended area service between the Bronson and Gainesville exchanges at the monthly rates set forth in Order No. PSC-94-0766-FOF-TL: R-1 at \$11.00; B-1 at \$29.81; and PBX at \$50.69. The additive shall remain in place for two years after implementation or until Southern Bell's next rate case whichever comes later. It is further

ORDERED that the Optional Extended Area Calling Plan and the Enhanced Optional Extended Area Service on the Bronson to Gainesville route shall be discontinued simultaneously with the implementation of extended area service. It is further

ORDERED the calling rate on the Trenton/Gainesville route is sufficient to warrant a survey for nonoptional, flat rate, two-way extended area service. The Trenton/Newberry route shall also be surveyed to avoid leapfrogging. It is further

ORDERED that Southern Bell shall survey the subscribers of the in the Trenton exchange for nonoptional, flat rate, two-way EAS to the Gainesville and Newberry exchanges under the 25/25 additive with regrouping at the following monthly rates: R-1 at \$11.00; B-1 at \$29.81; and PBX at \$50.69. The survey shall be conducted within forty-five (45) days of the date that this Order becomes final. It is further

ORDERED that if the survey passes, the 25/25 additive shall stay in place for at least two years after the implementation of extended area service or until Southern Bell's next earnings review whichever comes later.

ORDERED that Southern Bell shall submit the newspaper advertisement for the Commission staff's review prior to publication. The survey letter and ballot shall also be submitted to the Commission staff for review prior to distribution to customers. In addition, Southern Bell also shall provide the Commission staff with a copy of the published newspaper advertisement and the date that it ran. It is further

ORDERED that if the survey passes, the Optional Extended Area Service options, specifically the Premium - flat rate option on the Trenton to Gainesville and Newberry routes, the remaining options on the Trenton to Gainesville route, and the Premium - flat rate option on the Newberry to Trenton route, shall be discontinued simultaneously with the implementation of extended area service. It is further

ORDERED that the calling rates on the remaining routes evaluated from the additional traffic study do not qualify for two-way, nonoptional flat rate extended area service. It is further

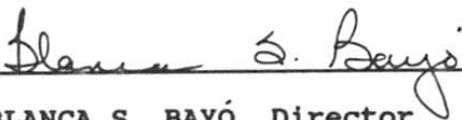
ORDERED that no alternative plans shall be offered on the remaining toll routes evaluated. It is further

ORDERED that Sections III and IV of this Order shall become final and effective unless an appropriate petition is filed in accordance with the requirements set forth below. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission, this 12th
day of December, 1994.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

DLC

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.

As identified in the body of this order, our action in Sections III and IV of this Order 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 her office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on January 3, 1995. In the absence of such a petition, this order shall become effective on the date 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 the relevant portion of 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.

Any party adversely affected by the Commission's final action in Section II 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 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 after the issuance 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.