

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution by Gulf ) DOCKET NO. 950423-TL  
County Board of Commissioners ) ORDER NO. PSC-95-1580-FOF-TL  
for extended area service (EAS) ) ISSUED: December 21, 1995  
between Gulf County and the )  
Panama City exchange. )  
\_\_\_\_\_ )

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION  
ORDER REGARDING 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.

I. Background

This docket was initiated pursuant to Resolution No. 95-06 on March 23, 1995 filed by the Gulf County Board of Commissioners requesting extended area service (EAS) between The Beaches, Wewahitchka, and Port St. Joe exchanges in Gulf County and the Panama City exchange. The Beaches, Wewahitchka, and Port St. Joe exchanges are served by St. Joe Telephone and Telegraph Company (St. Joe), and the Panama City exchange is served by BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell). These routes are located in the Panama City LATA (local access and transport area).

The Beaches/Panama City route will not be considered in this docket since it was studied as part of Docket No. 940335-TL. By Order No. PSC-95-1135-FOF-TL, issued September 12, 1995, extended calling service (ECS) was ordered to be implemented on The Beaches/Panama City route.

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FPSC-RECORDS/REPORTING

By Order No. PSC-95-0602-PCO-TL, issued May 12, 1995, we required St. Joe and Southern Bell to conduct traffic studies on the Wewahitchka/Panama City and Port St. Joe/Panama City routes.

## II. Extended Area Service

Section 364.385(2), Florida Statutes (1995), provides that all applications for extended area service or extended calling service pending before the Commission on March 1, 1995, shall be governed by the law as it existed prior to July 1, 1995. Proceedings including judicial review pending on July 1, 1995, shall be governed by the law as it existed prior to the date on which this section becomes law. No new proceedings governed by the law as it existed prior to January 1, 1995, shall be initiated after July 1, 1995. Any administrative adjudicatory proceeding which has not progressed to the stage of a hearing by July 1, 1995, may, with the consent of all parties and the Commission, be conducted in accordance with the law as it existed prior to January 1, 1996.

Because this EAS request was filed after March 1, 1995 but prior to July 1, 1995, and since all the parties agree to abide by the old law, the existing EAS rules apply. To be considered for balloting for EAS, Rule 25-4.060(3), Florida Administrative Code, requires a calling rate of at least three M/A/MS (Messages per Access Line per Month) in cases where the petitioning exchange contains less than half the number of access lines as the exchange to which EAS 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.

Based on the requirements of Rule 25-4.060(3), the Wewahitchka/Panama City route qualifies to be surveyed for nonoptional, flat rate, two-way EAS. The Port St. Joe/Panama City route, however, did not meet the rule requirements to be balloted for EAS.

Therefore, we find that the Wewahitchka subscribers shall be surveyed for EAS to the Panama City exchange at the rates discussed in the following section. The subscriber survey shall be comply with Rule 25-4.063. The survey shall be conducted within forty-five (45) days of the date this Order becomes final. St. Joe shall submit the newspaper advertisement for our staff's review prior to publication. The survey letter and ballot shall be submitted to our staff for review prior to distribution to its customers. In addition, St. Joe shall provide us with a copy of the published newspaper advertisement and the dates run. We further find that

the Port St. Joe/Panama City route did not meet the rule requirements to be balloted for EAS.

### III. Rates for Extended Area Service

In recent dockets in which calling volumes were sufficient to warrant consideration for nonoptional, two-way, flat rate EAS, we have approved surveys on the 25/25 plan with regrouping. Under the 25/25 plan with regrouping, subscribers are charged two additives to their standard monthly rates. The 25/25 additive is twenty-five percent of the rate group schedule for the number of access lines to be newly included in 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 plan, however, is dependent on the existence of rate groups, because the formula uses the rate differential between rate groups to develop new EAS rates. The exchanges in St. Joe's territory have geographic locations with varying rates rather than rate groups.

To create a regrouping situation, we believe that an R-1 rate for St. Joe's customers which essentially mirrors the R-1 rate for Southern Bell's customers with the same calling scope is the best solution. This is consistent with past decisions in similar EAS dockets involving St. Joe, such as Dockets No. 910510-TL and 920699-TL.

In those dockets cited above, the 25/25 additive was not applied because these exchanges did not have rate groups and St. Joe was not in an underearnings situation. However, in this docket, without a 25/25 additive St. Joe will be close to, if not below, its allowed return on equity. To ensure St. Joe an opportunity for reasonable earnings, we will require a 25/25 additive in addition to the increase in the R-1 rate.

Typically, the 25/25 additive is removed after two years or in a company's next rate case, whichever is later. However, because of the revisions to Chapter 364, which allow local competition, it is possible that St. Joe may elect to be price regulated on January 1, 1996. If the Company elects to be price regulated, the Commission will not review the Company's earnings for purposes of examining the appropriateness of the additive. Staff proposed that the 25/25 additive should remain in effect until St. Joe's next rate review or such time as the Company elects to be price regulated, whichever is sooner.

Table A reflects the derivation of the proposed rates for the Wewahitchka subscribers for nonoptional, two-way, flat rate EAS to the Panama City exchange.

TABLE A

	PRESENT RATE	25/25 ADDITIVE	MONTHLY INCREASE	PROPOSED RATE
R-1	\$6.30	\$ 2.10	\$2.10	\$10.50
B-1	17.25	5.73	5.65	28.63
PBX	33.15	9.73	5.78	48.66

The 25/25 additive shown in Table A was derived by calculating the additional calling scope gained by the Wewahitchka subscribers. The number of access lines by which the calling scope of the Wewahitchka exchange will increase is 44,728, the number of access lines in the Panama City exchange. This number of access lines was then applied to Southern Bell's rate group schedule to determine the 25/25 additive. The monthly increase amount shown above, when added to the present rate, yields a rate equivalent to what Southern Bell's customers pay for the same calling scope.

Accordingly, the Wewahitchka subscribers shall be surveyed under the 25/25 plan including an increase in basic local rates at the following monthly rates: R-1 at \$10.50; B-1 at \$28.63; and PBX at \$48.66. The 25/25 additive shall remain in effect until St. Joe's next rate review or such time as the Company elects to be price regulated, whichever is sooner.

#### IV. Alternative Toll Plan

Historically, we have considered alternative toll plans on routes that met the calling rate requirement and exhibited a substantial showing on the distribution factor. Typically, these cases were close to meeting our requirements but fell short by a small percentage on the distribution factor. The calling rates and distribution factors on the Port St. Joe/Panama City route exhibit a community of interest sufficient to warrant extended calling service (ECS).

Even though ECS was denied on The Beaches/Tyndall AFB route by Order No. PSC-95-1135-FOF-TL, in Docket No. 940335-TL, issued September 12, 1995, we believe that conditions have changed such that this route now warrants ECS. Traffic studies in this docket indicate a significant community of interest between the

Wawahitchka and Port St. Joe exchanges to the Panama City exchange. If EAS or ECS is granted on these routes, The Beaches/Tyndall AFB route becomes an isolated toll route with EAS or ECS routes on all sides. St. Joe requested implementing ECS on this route in Docket No. 940335-TL to avoid leapfrogging but the proposal was denied. Since that time, St. Joe has informed staff that in order to reach Panama City from The Beaches, one must pass through Tyndall AFB, which further supports this proposal. The Company has also received complaints from residents in the Tyndall AFB area regarding the toll calling to The Beaches exchange.

Based on the traffic data in this docket, the supporting data provided by St. Joe, and since St. Joe is in support of implementing ECS on The Beaches/Tyndall AFB route, we find that it is appropriate to grant it. This will eliminate the possibility of creating a leapfrog situation with the approval of EAS or ECS on the other routes involved in this docket. St. Joe also submits that ECS should be implemented on the Port St. Joe/Tyndall AFB route to avoid leapfrogging. Upon review, we agree.

Therefore, we find that it is appropriate to allow interexchange carriers (IXCs) to continue to carry the same types of traffic on these routes that they are now authorized to carry. This is consistent with the Settlement Agreement in Order No. PSC-94-0572-FOF-TL, issued May 16, 1994, in Docket No. 911034-TL.

In computing revenue impact, we used a 50% stimulation factor. This is consistent with the stimulation factor used by Southern Bell to determine the revenue impact of its ECS proposal in Docket No. 920260-TL. With stimulation, staff estimates St. Joe's annual revenue loss to be \$126,869, and absent stimulation the annual revenue loss would be \$169,136. With stimulation, we estimate Southern Bell's annual revenue loss to be \$75,934, and absent stimulation the annual revenue loss is estimated to be \$97,001.

Accordingly, ECS shall be implemented on the Port St. Joe/Panama City, The Beaches/Tyndall AFB, and the Port St. Joe/Tyndall AFB routes. Residential customers shall pay \$.25 per call regardless of duration, and business calls on these routes shall be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers shall charge end users \$.25 per message and pay the standard measured interconnection usage charge. IXCs may continue to carry the same types of traffic on these routes that they are now authorized to carry. ECS shall be implemented on this route as soon as possible but not to exceed six months from the issuance date of this Order.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that calling rates on the Wewahitchka/Panama City route are sufficient to warrant a survey for nonoptional, two-way, flat rate EAS. St. Joe Telephone and Telegraph Company shall survey the customers in the Wewahitchka exchange for nonoptional, two-way, flat rate EAS to the Panama City exchange at the following monthly rates: R-1 at \$10.50; B-1 at \$28.63; and PBX at \$48.66 It is further

ORDERED that the 25/25 additive shall remain in effect until St. Joe Telephone and Telegraph's next rate review, or until the Company elects to be price regulated, which is sooner. It is further

ORDERED the survey shall be conducted within forty-five days from the date this Order become final. St. Joe Telephone and Telegraph Company shall submit the newspaper advertisement for our staff's review prior to publication. The survey letter and ballot shall also be submitted for review prior to distribution to the customers. In addition, the St. Joe Telephone and Telegraph Company shall submit a copy of the published newspaper advertisement and the dates run. It is further

ORDERED that the Port St. Joe/Panama City route did not meet the rule requirements to qualify to be balloted for extended area service. It is further

ORDERED that extended calling service shall be implemented on the Port St. Joe/ Panama City, The Beaches/Tyndall AFB, and the Port St. Joe/Tyndall AFB routes. Extended calling service shall be implemented on these routes as soon as possible but not to exceed six months from the issuance date of this Order. Residential customers shall pay \$.25 per call regardless of duration, and business calls on these routes shall be rated at \$.10 for the first minute and \$.06 for each additional minute. It is further

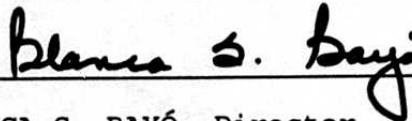
ORDERED that for the extended calling service routes, pay telephone providers shall charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers may continue to carry the same types of traffic on these routes that they are now authorized to carry. It is further

ORDERED that this Order shall become final and effective on the date set forth below if no timely protest is filed pursuant to the requirements set forth below in the "Notice of Further Proceedings or Judicial Review." It is further

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ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission, this 21st  
day of December, 1995.



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.

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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on January 11, 1996.

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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.