

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by residents of YULEE)	DOCKET NO. 881201-TL
EXCHANGE for extended area service to)	ORDER NO. 21544
the Jacksonville exchange)	ISSUED: 7-13-89
_____)	

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER REQUIRING IMPLEMENTATION OF
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 formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This docket was initiated by a petition signed by the residents of the Yulee exchange. The petition requested that we consider requiring implementation of extended area service (EAS) between the Yulee exchange and the Jacksonville exchange. The Yulee exchange is located in Nassau County, while the Jacksonville exchange is located in Duval County. Both exchanges are served by Southern Bell Telephone and Telegraph Company (Southern Bell), which is subject to our regulation pursuant to Chapter 364, Florida Statutes.

By Order No. 20123, issued October 6, 1988, we directed Southern Bell to conduct a traffic study on the affected route to determine if a sufficient community of interest existed pursuant to Rule 25-4.060, Florida Administrative Code. On October 21, 1988, Southern Bell requested relief from conducting the traffic study based upon our decision in Order No. 20162, issued October 13, 1988, in Docket No. 880069-TL,

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Petition for Rate Stabilization and Implementation Orders and Other Relief. Order No. 20162 directed Southern Bell to implement its Optional Extended Area Service (OEAS) plan on the Yulee to Jacksonville route. However, since the traffic study order in this docket was issued prior to our decision in Docket No. 880069-TL, our staff advised Southern Bell to go forward with the traffic study.

The results of the traffic study demonstrated a one-way calling rate on the Yulee to Jacksonville route of 16.32 messages per main station per month (M/M/Ms), without foreign exchange (FX) lines, with 77.9% of the customers making two or more calls per month. If FX data is included, the one-way calling rate is 23.4 M/M/Ms, with 78.05% of the customers making two or more calls per month. Rule 25-4.060(2)(a), Florida Administrative Code, requires a calling rate of three (3) or more M/M/Ms, with at least fifty percent (50%) of the exchange's subscribers making two or more calls per month. The calling rates on this route clearly exceed the rule requirements.

On February 17, 1989, we issued Order No. 20759-A, by which we proposed requiring Southern Bell to implement its OEAS plan on the Yulee to Jacksonville route. The OEAS plan we proposed in this docket was the same plan which we approved in Docket No. 880069-TL. In that Docket, among other things, we approved implementation of Southern Bell's OEAS plan on twenty-two (22) routes. The Yulee to Jacksonville route was one of those routes. In Order No. 20759-A, we proposed an OEAS implementation date of September, 1989, on the Yulee to Jacksonville route and directed Southern Bell to comply with the requirements of Order No. 20162 in all other respects for the implementation of OEAS in this Docket.

On March 7, 1989, a Yulee subscriber filed a protest to the proposed action in Order No. 20759-A. Since this protest was timely filed and raised disputed issues of material fact, this Docket was set for a hearing, pursuant to Section 120.57(1), Florida Statutes.

The hearing process was initiated by an informal meeting of the parties held on June 1, 1989, for the purpose of identifying the issues to be resolved in this Docket. This meeting was attended by members of our staff, representatives of Southern Bell, and a number of customers from the Yulee

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exchange, including the individual customer who filed the protest in this Docket. Subsequent to this informal meeting of the parties, this Docket came before us at our regular Agenda Conference on June 27, 1989.

DISCUSSION

Based upon the information in this Docket, we have reconsidered our decision to require Southern Bell to implement its OEAS plan on the Yulee to Jacksonville route. Instead, we are directing Southern Bell to survey the Yulee customers for implementation of flat-rate, two-way, nonoptional EAS under the 25/25 plan with regrouping. The calling rate along the Yulee to Jacksonville route far exceeds the minimum requirements under our rules for further consideration of a nonoptional EAS plan. Additionally, the Yulee customers at both the informal issue identification meeting and at our Agenda Conference, including the individual who filed the protest, all spoke strongly in favor of surveying Yulee subscribers for implementation of the 25/25 plan with regrouping.

Accordingly, we hereby order Southern Bell to survey the subscribers of the Yulee exchange for implementation of flat-rate, two-way nonoptional EAS under the 25/25 plan with regrouping. With this plan, both residential and business customers will pay an EAS additive reflecting twenty-five percent (25%) of the requested exchange's current basic rates, plus regrouping charges. The rates at which the Yulee customers shall be surveyed are as follows:

<u>Customer Class</u>	<u>Current Rate</u>	<u>New Rate</u>
R-1	\$ 8.10	\$12.25
B-1	21.90	33.25
PBX	49.39	74.66

Under the 25/25 plan, Jacksonville customers will not pay an additional charge; however, both the Jacksonville and Yulee customers will have toll free calling between the two exchanges.

The subscribers in the Yulee exchange shall be surveyed by Southern Bell within thirty (30) days of the issuance of the consummating order finalizing this proposed agency action.

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Prior to conducting the survey, Southern Bell shall submit its explanatory survey letter and ballot to our staff for approval.

If the survey passes by a simple majority of the customers surveyed in the Yulee exchange, Southern Bell shall then implement the 25/25 plan within twelve (12) months of the date of survey approval. By our requiring a simple majority, we are hereby waiving the fifty-one percent (51%) favorable vote requirement of Rule 25-4.063(5)(a), Florida Administrative Code.

By our action herein, Southern Bell will not be required to conduct cost studies on this route. We find it appropriate to waive Rule 25-4.061, Florida Administrative Code, which involves the determination of cost requirements for the implementation of traditional EAS. We are generally aware of the costs to Southern Bell of implementing the 25/25 plan and do not believe the company needs to incur additional costs for conducting such studies, especially where, as here, the toll relief plan being ordered does not consider costs in setting the EAS additive rates.

We also find it appropriate to waive the requirements of Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs from the subscribers in the petitioning exchange upon implementation of traditional, two-way, nonoptional EAS. Initially, we note that Southern Bell was already scheduled to implement an optional plan, OEAS, along this route through our action in Order No. 20162, Docket No. 880069-TL, and that Southern Bell's OEAS plan does not provide for full recovery of costs. Our experience with cost information that has been submitted to date in other EAS dockets has shown that to permit full recovery of costs would require us to approve rates that would be unacceptable to customers. Surveying customers on such high rates would ensure failure of the survey. Based on the high community of interest exhibited along this route, we believe EAS is warranted and that a survey with more reasonable rates should be conducted. Additionally, we have not required cost recovery in any docket for which traditional EAS has been ordered since the effective date of this rule. Therefore, we intend to waive Rule 25-4.062(4), Florida Administrative Code.

If the results of the survey are favorable, Southern Bell shall eliminate the "Point-to-Point" measured calling plan which has been available on this route since 1979. Southern

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Bell shall be required to advise subscribers to the Point-to-Point service plan of its elimination prior to implementing either the 25/25 plan or OEAS along this route.

Finally, should the survey fail, we direct Southern Bell to immediately proceed with implementation of its OEAS plan along this route, in accordance with the terms and conditions of Order No. 20162, Docket No. 880069-TL. Our staff will make the results of the subscriber survey available within one week after the final ballot mail-in date, even though the survey results would not be presented to us until a subsequent agenda conference date.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petition for extended area service filed by the Yulee subscribers is granted to the extent outlined in this Order. It is further

ORDERED that if no protest is filed within the time-frames set forth below, Southern Bell Telephone and Telegraph Company shall, within thirty days of the issuance of the consummating order, survey the subscribers in the Yulee exchange on the implementation of a flat-rate, two-way, nonoptional extended area service plan that complies with the terms and conditions set forth herein. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall submit its survey letter and ballot for our approval prior to its distribution. It is further

ORDERED that certain rules as described herein have been waived for the reasons set forth in the body of this Order. It is further

ORDERED that if the survey passes, the plan described herein shall be implemented within twelve months of the date of survey approval. It is further

ORDERED that if the subscriber survey does not pass, Southern Bell Telephone and Telegraph Company shall implement its OEAS plan along this route in accordance with the terms and conditions set forth herein. It is further

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ORDERED that Southern Bell Telephone and Telegraph Company shall eliminate the Point-to-Point measured calling plan upon implementation of either the 25/25 plan with regrouping or the OEAS plan, as outlined in the body of this Order. It is further

ORDERED that the effective date of our action described herein is August 4, 1989, if no protest to this Proposed Agency Action is filed within the time-frames set forth below. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission,
this 13th day of JULY, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

by: Kay Flynn
Chief, Bureau of Records

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.

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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 at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on August 3, 1989. In the absence of such a petition, this order shall become effective August 4, 1989 as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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 August 4, 1989, 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 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 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.