

FLORIDA PUBLIC SERVICE COMMISSION
FLETCHER BUILDING
101 EAST GAINES STREET
TALLAHASSEE, FLORIDA 32399-0850

M E M O R A N D U M

JANUARY 21, 1993

TO : DIRECTOR OF RECORDS AND REPORTING *Raw*

FROM : DIVISION OF COMMUNICATIONS [SHELPER, WIDELL] *AS*
DIVISION OF LEGAL SERVICES [GREEN] *TR*

RE : DOCKET NO. 920699-TL - EAS - PETITION BY RESIDENTS OF
ALLIGATOR POINT REQUESTING EXTENDED AREA SERVICE (EAS)
FROM ALLIGATOR POINT TO SOPCHOPPY, PANACEA,
CRAWFORDVILLE, ST. MARKS, AND TALLAHASSEE.

AGENDA: FEBRUARY 2, 1993 - CONTROVERSIAL - PROPOSED AGENCY ACTION
- PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:PSC\CMU\WP\920699.RCM

CASE BACKGROUND

Exchange information:

- This docket was initiated pursuant to a petition filed by the subscribers of Alligator Point for extended area service to Sopchoppy, Panacea, Crawfordville and Tallahassee (the St. Marks exchange has been included to avoid leapfrogging exchanges). The Sopchoppy, Panacea, Crawfordville, St. Marks and Tallahassee exchanges are served by Centel and are located in the Tallahassee Market Area. The Alligator Point exchange is served by St. Joseph Telephone Company and is located in the Panama City LATA. Attachment A contains pertinent exchange data and Attachment B is a map of the involved exchanges.

Pertinent orders:

- By Order No. PSC-92-0911-PCO-TL, issued September 2, 1992, the Commission required the Company to conduct traffic studies on these routes.

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PSC-RECORDS/REPORTING

- By Order No. PSC-92-1460-CFO-TL, issued December 16, 1992, the Commission granted Centel and St. Joseph's request for confidential treatment of its interLATA traffic study.

Demographic Description:

- Alligator Point Exchange - is a peninsula located on the southeastern extremity of Franklin County and consists of a land mass less than two square miles. The Alligator Point exchange is a small exchange with only 445 access lines. Most residents are second homes of people who live in the Tallahassee and South Georgia areas. There is no industry or viable commercial enterprise on the Point except for a marina, lounge and a campground with a retail store. This primarily is a haven for sports fishermen and people enjoying the beach.

As of April 1, 1990, Franklin County had a population of 8,967. There were 5,891 housing units in 1990. Personal income in 1989 was \$51.4 million (including all sources). Per capita estimated income in 1989 was \$11,770 compared to \$15,696 in Leon County.

Mileage data:

Alligator Point to Tallahassee	37	miles
Alligator Point to Crawfordville	18	"
Alligator Point to Panacea	9	"
Alligator Point to St. Marks	20	"
Alligator Point to Sopchoppy	13	"

- The Tallahassee Exchange - is the only exchange located in Leon County, and it consists of 656 square miles. The population of Leon County is estimated to increase from 192,578 in 1989 to 219,000 by 1995. Per capita estimated money income in 1989 was \$15,696. The Tallahassee exchange contains numerous businesses, two hospitals, two universities, a community college and a regional airport. Tallahassee is the county seat as well as the State Capital.

DISCUSSION OF ISSUES

ISSUE 1: Do the calling rates on any of the toll routes considered in this docket qualify for a survey for non-optional, flat rate, two-way toll free calling?

RECOMMENDATION: Yes. The calling rates on the Alligator Point to Tallahassee route are sufficient to warrant a survey for non-optional, flat rate, two-way EAS. The Commission should order a survey of customers in the Alligator Point exchange for toll free calling to the Tallahassee, Panacea, Crawfordville, Sopchoppy and St. Marks exchanges at the rates shown in Issue 2 (the Panacea, Crawfordville, Sopchoppy and St. Marks exchanges did not qualify for EAS but are included to avoid leapfrogging). The survey should be conducted within forty-five (45) days of the date the order from this recommendation becomes final. St. Joseph should obtain staff's approval of the newspaper advertisement prior to publication, and the survey letter and ballot should be submitted to staff for approval prior to distribution to its customers. In addition, the Company should provide staff with a copy of the published newspaper advertisement and the dates run.

STAFF ANALYSIS: The calling volumes for all of the routes at issue in this docket have been filed with a request for confidential classification. The calling rates for St. Joseph and Centel's interLATA routes have not been presented in this recommendation. The data, however, is available for review by the Commissioners.

The one-way calling volumes on the Alligator Point to Tallahassee route as determined by the traffic study are sufficient to qualify for implementation of a non-optional plan under Rule 25-4.060(2), F.A.C., which requires a calling rate of at least three M/A/M's (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. Both of these requirements are met on the Alligator Point to Tallahassee route.

The traffic study indicated that the volume of calls from Alligator Point to the Panacea, Crawfordville, Sopchoppy and St. Marks exchanges did not qualify for EAS. However, these exchanges are located between the Alligator Point and Tallahassee exchanges. We have not allowed leapfrogging of exchanges in EAS cases. These exchanges already have EAS to each another and to the Tallahassee exchange. Since the Panacea, Crawfordville, Sopchoppy and St. Marks exchanges are already in rate group 6, they will not

experience an increase in rates if EAS is approved to Alligator Point.

Therefore, staff recommends that the Alligator Point subscribers be surveyed for flat rate, nonoptional, two-way EAS to the Tallahassee, Panacea, Crawfordville, Sopchoppy and St. Marks exchanges at the rates shown in Issue 2. The subscriber survey should be in compliance with Rule 25-4.063 F.A.C. (Subscriber Survey). The survey should begin within forty-five (45) days of the date the Commission's order becomes final. St. Joseph should obtain staff's approval of the newspaper advertisement prior to publication, and the survey letter and ballot should be submitted to staff for approval prior to distribution to its customers. In addition, the Company should submit a copy of the published newspaper advertisement and the dates run.

ISSUE 2: At what rates should the non-optional, flat rate, two-way, toll free calling be surveyed?

RECOMMENDATION: Non-optional, flat rate, two-way, toll free calling should be surveyed at the following monthly rates:

R-1 \$9.15 B-1 \$24.00 PBX \$46.00

STAFF ANALYSIS: In all recent EAS dockets in which calling volumes were sufficient to warrant consideration of non-optional, flat rate, toll free calling the Commission has 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 (25%) 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. This is because the formula makes use of the rate differential between rate groups to develop new EAS rates. The exchanges in St. Joseph Telephone's territory do not have rate groups, but rather geographic locations with varying rates.

Since the extended calling scope in this docket is very similar to Docket No. 910510-TL (Liberty County), staff applied the

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same rates that were ordered on the Bristol/Tallahassee, Carrabelle/Crawfordville, Carrabelle/Sopchoppy, Carrabelle/Tallahassee, and Hosford/Tallahassee routes. By using the same rates as those in Liberty County, the exchanges in St. Joseph's territory with flat rate EAS to the Tallahassee exchange would all have the same local rate.

If the Commission orders St. Joseph to survey the Alligator Point exchange subscribers for non-optional, flat rate, two-way toll free calling to the Tallahassee, Panacea, Crawfordville, Sopchoppy and St. Marks exchanges, the new rates at which the subscribers should be surveyed are as follows:

	PRESENT	ADDITIVE	NEW RATES
R-1	\$ 5.90	\$ 3.25	\$ 9.15
B-1	16.15	7.85	24.00
PBX	31.15	14.85	46.00

Although the percentage increase under staff's recommended rates may seem high, it should be noted that Alligator Point's calling scope will increase from 445 access lines to 152,235 access lines. The proposed new "residential" rates for Alligator Point are lower than Tallahassee's current residential rates, but the B-1, and PBX rates are higher than the Tallahassee exchange (see Attachment A).

Since only the Alligator Point exchange subscribers' rates will increase, they should be surveyed for two-way, flat rate, non-optional EAS pursuant to Rule 25-4.063, Florida Administration Code. The survey should be conducted within forty-five (45) days of the order on this recommendation. If the survey passes, the EAS plan should be implemented within twelve months of the Commission's order approving the survey. As detailed in Issue 1, St. Joseph Telephone should obtain staff's approval of the newspaper advertisement prior to publication, and submit the survey letter and ballot for staff's approval prior to distribution.

The local calling scope for these exchange is detailed on Attachment A.

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ISSUE 3: Should Docket No. 920699-TL be closed?

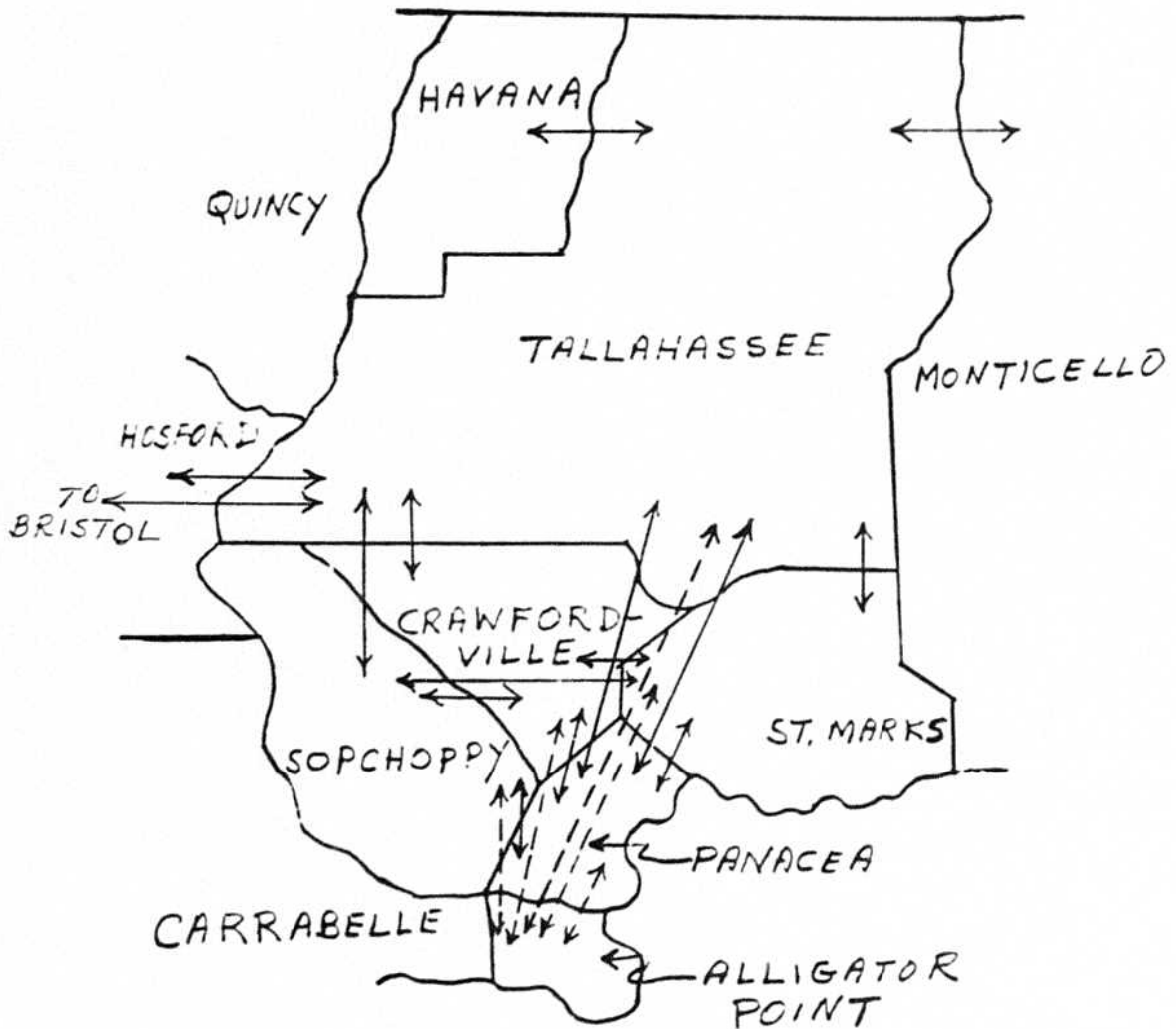
RECOMMENDATION: No, this docket should remain open until the Alligator Point customers have been surveyed.

STAFF ANALYSIS: This docket should remain open until the conclusion of the survey at which time staff will file a recommendation on the results.

920699.AHS

EXCHANGE DATA					
EXCHANGE	LEC	MARKET AREA	ACCESS LINES EAS LINES	EAS CALLING SCOPE	BASIC RATES
ALLIGATOR POINT	ST. JOSEPH	PANAMA CITY	445* 445**	{APPALACHICOLA CARRABELLE, AND EASTPOINT}	R-1 \$ 5.90 B-1 \$16.15 PBX \$31.15
CRAWFORDVILLE	CENDEL	TALLAHASSEE	4,160* 151,790**	PANACEA, SOPCHOPPY, ST. MARKS, TALLAHASSEE	R-1 \$ 9.65 B-1 \$21.75 PBX \$43.50
SOPCHOPPY	CENDEL	TALLAHASSEE	837* 151,790**	CRAWFORDVILLE, PANACEA, ST. MARKS, TALLAHASSEE	R-1 \$ 9.65 B-1 \$21.75 PBX \$43.50
TALLAHASSEE	CENDEL	TALLAHASSEE	145,532* 160,389**	CRAWFORDVILLE, HAVANA, MONTICELLO, PANACEA, ST. MARKS, SOPCHOPPY, BRISTOL, HOSFORD [GREENSBORO, GRETNA, QUINCY AND CHATTAHOOCHEE]	R-1 \$ 9.65 B-1 \$21.75 PBX \$43.50
ST. MARKS	CENDEL	TALLAHASSEE	451* 151,790**	CRAWFORDVILLE, PANACEA, SOPCHOPPY AND TALLAHASSEE	R-1 \$ 9.65 B-1 \$21.75 PBX \$43.50
PANACEA	CENDEL	TALLAHASSEE	810* 151,790**	CRAWFORDVILLE, ST. MARKS, SOPCHOPPY AND TALLAHASSEE	R-1 \$ 9.65 B-1 \$21.75 PBX \$43.50

- * HOME EXCHANGE
- ** TOTAL CALLING SCOPE
- { } \$.25 PER CALL
- [] 5 FREE CALL ALL



LEGEND

- ↔ EXISTING EAS
- ↔ PROPOSED EAS
- EXCHANGE BOUNDARY