

SCANNED

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

October 7, 1993

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [SHELPER, WIDELL, BOYD] *RAW*
 DIVISION OF LEGAL SERVICES [MURPHY] *AWB RMT CMH*

RE : DOCKET NO. 921193-TL - EAS - REQUEST BY PALM BEACH COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE (EAS) BETWEEN ALL EXCHANGES IN PALM BEACH COUNTY.

AGENDA: OCTOBER 19, 1993 - REGULAR AGENDA - PARTIES MAY PARTICIPATE - PROPOSED AGENCY ACTION

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\921193.RCM

CASE BACKGROUND

EXCHANGE INFORMATION:

- This docket was initiated pursuant to a resolution filed by the Palm Beach County Board of County Commissioners requesting extended area service (EAS) between all exchanges in Palm Beach County. Southern Bell provides service to the West Palm Beach, Belle Glade, Boca Raton, Boynton Beach, Delray Beach, Jupiter and Pahokee exchanges, which are located in the Southeast LATA. United Telephone provides service to the Clewiston exchange, which is located in the Fort Myers Market Area. Attachment A contains pertinent exchange data and Attachment B is a map of the involved exchanges.

PERTINENT ORDERS:

- By Order No. PSC-93-0029-PCO-TL, issued January 6, 1993, the Commission required Southern Bell and United to conduct traffic studies on these routes.
- By Order No. PSC-93-0321-PCO-TL, issued March 2, 1993, Order No. PSC-93-0029-PCO-TL was reissued to ensure adequate notice to United since it was inadvertently left off of the mailing list for this docket and was not furnished a copy of the order at the time it was issued.

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10795 OCT-78

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- By Order No. PSC-93-0764-PCO-TL, issued May 20, 1993, the Commission granted Southern Bell's second motion for extension of time and found the first motion for extension of time moot.
- By Order No. PSC-93-1042-CFO-TL and PSC-93-1043-CFO-TL, issued July 19, 1993, the Commission granted Southern Bell and United's requests for confidential treatment of the intraLATA and interLATA traffic data filed by the companies in this docket.
- By Order No. PSC-93-1168-FOF-TL, issued August 10, 1993, the Commission partially modified Order No. PSC-93-0029-PCO-TL which required Southern Bell to file traffic studies on specific interLATA routes. This Order relieved Southern Bell from the requirement of providing traffic data on interLATA routes in this docket (this only involved calls into the Clewiston exchange).

DEMOGRAPHIC DESCRIPTION:

- **WEST PALM BEACH:**
This exchange is located in the center of Palm Beach County between Boca Raton and Jupiter. It contains the city of West Palm Beach which is the county seat for Palm Beach County. The eastern part of the exchange is highly developed, and there is great growth potential in the western part. The housing is predominantly high income with the per capita income the highest in the state. The exchange has a business district with the primary industries being banking and retail and many retail stores in strip shopping centers and regional malls. Interstate 95 and the Florida Turnpike are the main roads which run north/south through the exchange.

Southern Bell states that the West Palm Beach exchange is very self-sufficient and has a low community of interest with Boca Raton. They further contend that there is no community of interest between West Palm Beach and the other exchanges in the study. Staff agrees.

- **BELLE GLADE:**
This exchange is located in western Palm Beach County. The community is fairly self-sufficient for services, medical facilities, shopping and entertainment.

It is Southern Bell's opinion that Belle Glade subscribers would have a high community of interest with the Clewiston exchange and to a lesser degree with West Palm Beach. However, based on the traffic study this does not appear to be the case. The traffic study indicates a high community of interest to West Palm Beach but we do not have the traffic data to verify the community of interest with Clewiston (this is one of the interLATA routes on which Southern Bell did not have the data). Belle Glade does not appear to have any significant communities of interests between the other exchanges.

- **BOCA RATON:**

This exchange covers some 71 square miles in southeastern portion of Palm Beach County. It is home to Florida Atlantic University and Palm Beach Junior College. There are a number of corporate headquarters located here. There is still quite a lot of available land for residential growth in this exchange. Southern Bell states that the exchange is fairly self-sufficient; this area is so well developed that there is little differentiation from where one exchange ends and another exchange starts.

Southern Bell also states that the Boca Raton residents would have a high community of interest with Boynton Beach residents to the north, and a medium community of interest with West Palm Beach, still farther to the north. Little or no community of interest would exist between Boca Raton residents and the other exchanges' residents.

Staff believes, based on the traffic study, that Boca Raton has a very high community of interest with West Palm Beach not just medium. Staff agrees that the community of interest between Boca Raton and Boynton is high since this route currently has the \$.25 plan.

- **BOYNTON BEACH:**

This exchange is in the southeastern portion of Palm Beach County, just south of the West Palm Beach exchange. This is a highly developed exchange with active residential and business communities. Southern Bell states it does not believe that there is a community of interest between Boynton Beach and the other exchanges in the study.

Based on traffic data provided by Southern Bell (\$.25 plan), staff believes that there is a significant community of interest between Boynton Beach and Boca Raton.

- **DELRAY BEACH:**

This exchange is located in southeastern Palm Beach County, between the Boca Raton and the Boynton Beach exchanges. There is minimal residential activity in this exchange, with business development being the predominant factor. The closest metropolitan area would be West Palm Beach, but most services would be available from the neighboring exchanges or within Delray Beach.

Southern Bell estimates a high community of interest between Delray Beach and West Palm Beach, but no significant community of interest between Delray Beach and the other exchanges in the study.

Staff agrees.

- **JUPITER:**

This exchange is bisected by the boundary between Palm Beach and Martin counties, so that a portion of the exchange is in each county. It covers 72 square miles. Much of the land is zoned for large ranch type parcels, with a low density rate. There is minimal business activity. Most services, medical facilities, entertainment, etc., would be found in West Palm Beach, to the south.

- **PAHOKEE:**

This exchange is located in the northwest corner of Palm Beach County. It is primarily rural in nature, with sugar cane grown in the northern part and scattered residential and small business activity in the rest of the exchange. Clewiston and Belle Glade would be the closest large towns.

Southern Bell estimates a high community of interest between Pahokee and Clewiston and, to a lesser degree with West Palm Beach.

Again, staff cannot verify the community of interest to the Clewiston exchange since we do not have the traffic data for routes into Clewiston. The traffic data does indicate a community of interest between Pahokee and West Palm Beach.

- **CLEWISTON:**

This exchange is characterized by the growing and processing of sugar cane, along with cattle ranching, truck crops and a rapidly expanding citrus industry. A limited supply of housing exists in this exchange. Sizeable tracts of land are owned by U.S. Sugar Corporation, farmers, ranchers, and citrus

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firms who plan to keep the land in crops. Palm Beach County has an arrangement with Henry County that the children living in the pocket area of Palm Beach County (Clewiston exchange) can attend school in Hendry County or they can be bused to Belle Glade in Palm Beach County.

Based on the traffic study, it appears that Clewiston has a significant community of interest to only the Belle Glade exchange.

MILEAGE INFORMATION:

Belle Glade to:	Boca Raton	43	miles
	Boynton Beach	40	"
	Delray Beach	41	"
	Jupiter	41	"
	West Palm Beach	39	"
Boca Raton to:	Boynton Beach	13	"
	Jupiter	42	"
	Pahokee	50	"
	West Palm Beach	24	"
Boynton Beach to:	Jupiter	29	"
	Pahokee	43	"
Delray Beach to:	Jupiter	34	"
	Pahokee	46	"
	West Palm Beach	17	"
Jupiter to:	Pahokee	37	"
	West Palm Beach	18	"
Pahokee	West Palm Beach	39	"

DISCUSSION OF ISSUES

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

PRIMARY RECOMMENDATION: Yes. Calling rates on five (5) of the twelve (12) routes reviewed in this docket are sufficient to warrant a survey for nonoptional, flat rate, two-way toll free calling (Delray Beach/West Palm Beach and Boynton Beach/ Boca Raton are included to avoid leapfrogging and should be balloted under the same terms and conditions as the routes that met the EAS qualifications).

The routes are listed below:

Belle Glade/West Palm Beach
Boynton Beach/Boca Raton
Pahokee/West Palm Beach
Delray Beach/West Palm Beach
Boca Raton/West Palm Beach

The Commission should order a separate survey of customers in the Belle Glade, Pahokee, Delray Beach, and Boca Raton exchanges for nonoptional, flat rate, two-way EAS to West Palm Beach, and the Boynton Beach customers should be surveyed for nonoptional EAS to Boca Raton. The rates at which these customers should be surveyed will be decided in Issue 2. The surveys should be conducted within forty-five (45) days of the date the order from this recommendation becomes final. Southern Bell 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.

In addition, if the Boca Raton survey passes, the existing OEAS plan for the Boca Raton/West Palm Beach and the West Palm Beach/Boca Raton routes should be discontinued simultaneously with the implementation of EAS. The EOEAS plan for the Belle Glade/West Palm Beach, Delray Beach/West Palm Beach and Pahokee/West Palm Beach should also be discontinued simultaneously with the implementation of EAS, if the Belle Glade, Delray Beach and Pahokee surveys pass. If the Delray Beach/West Palm Beach survey passes, OEAS on the West Palm Beach/Delray Beach route should be discontinued simultaneously. If the Boynton Beach/Boca Raton survey passes, the \$.25 plan will be discontinued with the

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implementation of EAS. If the surveys pass (each survey is independent of the other), EAS should be implemented within twelve months of the Commission's order approving the survey. Furthermore, if the surveys pass, the additive should stay in place for two years after implementation of EAS or until Southern Bell's next earnings review, which ever comes later.

ALTERNATIVE RECOMMENDATION: Yes. Calling rates on five (5) of the twelve (12) routes reviewed in this docket are sufficient to warrant a survey for nonoptional, flat rate, two-way toll free calling (Delray Beach/West Palm Beach and Boynton Beach/ Boca Raton are included to avoid leapfrogging and should be balloted under the same terms and conditions as the routes that met the EAS qualifications).

The routes are listed below:

Belle Glade/West Palm Beach
Boynton Beach/Boca Raton
Pahokee/West Palm Beach
Delray Beach/West Palm Beach
Boca Raton/West Palm Beach

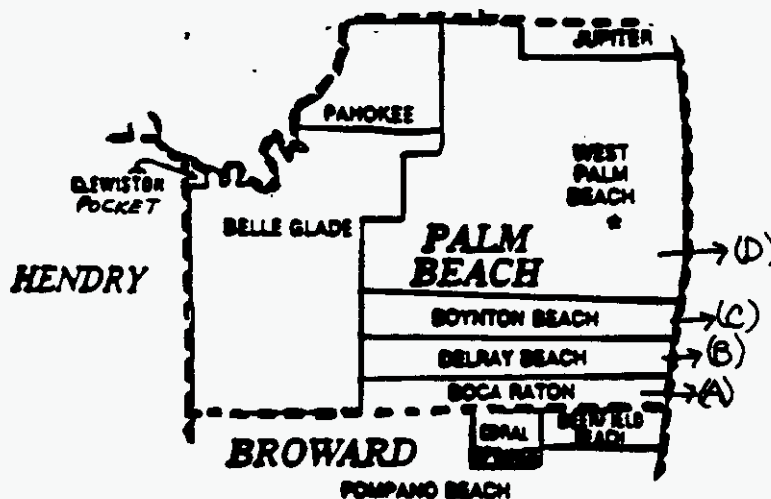
The Commission should order a separate survey of customers in the Belle Glade, Pahokee, Delray Beach, and Boca Raton exchanges for nonoptional, flat rate, two-way EAS to West Palm Beach, and the Boynton Beach customers should be surveyed for nonoptional EAS to Boca Raton. The rates at which these customers should be surveyed will be decided in Issue 2. **The letter, ballot and newspaper advertisement should include language that if the survey does not pass, an alternative plan will be implemented (depending on LEC the ECS Plan (\$.25 per call for residents and \$.10 for the first minute and \$.06 for each additional minute for business) or the \$.25 plan (all calls rated at \$.25).** The surveys should be conducted within forty-five (45) days of the date the order from this recommendation becomes final. Southern Bell 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.

In addition, if the Boca Raton survey passes, the existing OEAS plan for the Boca Raton/West Palm Beach and the West Palm Beach/Boca Raton routes should be discontinued simultaneously with the implementation of EAS. The EOEAS plan for the Belle Glade/West Palm Beach, Delray Beach/West Palm Beach and Pahokee/West Palm Beach should also be discontinued simultaneously with the

implementation of EAS, if the Belle Glade, Delray Beach and Pahokee surveys pass. If the Delray Beach/West Palm Beach survey passes, OEAS on the West Palm Beach/Delray Beach route should be discontinued simultaneously. If the Boynton Beach/Boca Raton survey passes, the \$.25 plan will be discontinued with the implementation of EAS. If the surveys pass (each survey is independent of the other), EAS should be implemented within twelve months of the Commission's order approving the survey. Furthermore, if the surveys pass, the additive should stay in place for two years after implementation of EAS or until Southern Bell's next earnings review, which ever comes later.

PRIMARY STAFF ANALYSIS: This recommendation is a change from the current Commission approach regarding leapfrogging. Leapfrogging occurs when two noncontiguous exchanges qualify for EAS but the intervening exchanges do not. Historically, leapfrogged routes are included in an EAS request at no additional additive to the leapfrogged exchanges. Generally, this is because there is very little calling between the requesting exchange and the intervening exchanges (for example, Alligator Point has a significant community of interest with Tallahassee, had very little community of interest to Sopchoppy or St. Marks). Because of the small calling volume, the lost toll revenue associated with the leapfrogged exchanges has tended to be insignificant. The logic behind this leapfrog approach has been to prevent toll routes from being in the middle of a toll free routes. The map in EXHIBIT - A shows the scenario.

EXHIBIT - A
(MAP PALM BEACH COUNTY)



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In this case, Boca Raton (A) met the EAS requirements to be surveyed for nonoptional, flat rate, two-way EAS to West Palm Beach (D); however the Delray Beach (B) route failed (but did meet the criteria for the \$.25 plan). In addition, there currently is a \$.25 plan in place between Boca Raton (A) and Boynton Beach (C). That means that there is a chance (if the Boca Raton/West Palm Beach survey passes) that Boca Raton (A) would have flat rate local calling to West Palm Beach (D) (Boca Raton already has EAS to Delray Beach), and \$.25 calling to Boynton Beach (C); and Delray (B) would have \$.25 calling to West Palm Beach (D). This would create a situation where routes in between the Boca Raton/West Palm Beach route would have a message charge, but the Boca Raton to West Palm Beach route would be included in the flat rate local calling area.

It is staff's opinion that it would be unfair to the Boca Raton customers, which did qualify for nonoptional EAS, to pay a monthly additive to have EAS to West Palm Beach, and allow Delray Beach and Boynton Beach to gain added local calling without paying an additive. Unlike other leapfrogged routes which had little or no interest with the qualifying exchange, these routes involve a significant amount of traffic (Delray Beach to West Palm Beach and Boynton Beach to Boca Raton). It is based on this reasoning that staff recommends the change in approach regarding leapfrogging by including the Delray Beach and Boynton Beach exchanges in the balloting process; and further requiring that an additive be included.

The calling volumes on these routes have been filed with a request for confidential classifications. The calling rates for Southern Bell and United's intraLATA and 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 routes listed above (except the leapfrogged exchanges: Delray Beach/West Palm Beach and Boynton Beach/Boca Raton), as determined by the traffic study, are sufficient to qualify for a survey for a nonoptional plan under Rule 25-4.060(2), F.A.C., which requires a calling rate of at least three M/A/M's 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 these routes (with the exception of the Delray Beach/West Palm Beach and Boynton Beach/Boca Raton,

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which are included to prevent leapfrogging).

The Delray Beach/West Palm Beach route exceeded the M/A/M requirement for nonoptional EAS, but missed the 50% making two or more calls per month requirement by a few percentage points.

Staff did not address the Boynton Beach/Boca Raton route, since a determination was made on this route in Docket No. 910471-TL (Petition by Boynton Beach subscribers for EAS to the Boca Raton, Pompano Beach and Fort Lauderdale exchanges). By Order No. 25493, issued December 17, 1991, the \$.25 plan was implemented on July 1, 1992. However, this route is included in the routes to be balloted for nonoptional, flat rate, two-way EAS since it is one of the routes that will be leapfrogged. The decision to include this route was not based on calling volumes or distribution factors.

Staff believes that by including the Delray Beach and Boynton Beach exchanges in the survey this will allow the subscribers to vote their choice regarding the leapfrogged exchanges (Delray Beach and Boynton Beach), therefore any leapfrogged situations will be the result of a customer vote, not a Commission mandate. Staff believes that this approach is a lot easier for consumers to understand.

Because of leapfrogging, customer confusion and exchanges gaining EAS without an additive, staff recommends that the Belle Glade, Pahokee, Delray Beach, and Boca Raton subscribers be surveyed for nonoptional, flat rate two-way EAS to West Palm Beach at the rates decided in Issue 2. In addition, the customers in Boynton Beach should also be surveyed for EAS to Boca Raton under the same requirements. The surveys should be conducted within forty-five (45) days of the date the order from this recommendation becomes final. Southern Bell 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.

In addition, if the Boca Raton survey passes, staff recommends that the existing OEAS plan for the Boca Raton/West Palm Beach and West Palm Beach/ Boca Raton routes should be discontinued simultaneously with the implementation of EAS. The EOEAS plan for the Belle Glade/West Palm Beach, Pahokee/West Palm Beach and Delray Beach/West Palm Beach should also be discontinued simultaneously with the implementation of EAS, if the survey passes. In addition, if the Delray Beach survey passes, OEAS on the West Palm

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Beach/Delray Beach route should be discontinued simultaneously with the implementation of EAS on this route. If the surveys pass (each survey is independent of the other), EAS should be implemented within twelve months of the Commission's order approving the surveys. Furthermore, if the survey passes, the additive selected in Issue 2 should stay in place for two years after implementation of EAS or until Southern Bell's next earnings review, which ever comes later.

ALTERNATIVE STAFF ANALYSIS: The alternative recommendation is consistent with the primary except for the language in the survey letter, ballot and newspaper advertisement. The alternative language should state that if the survey does not pass an alternative plan will be implemented (depending on LEC the ECS Plan (\$.25 per call for residents and \$.10 for the first minute and \$.06 for each additional minute for business) or the \$.25 plan (all calls rated at \$.25). By giving the customers this information prior to the vote, it enables them to make economic decisions based on their calling needs.

Staff has had calls from consumers in a past docket (Docket No. 920643-TL - Petition by subscribers of Madison County for EAS between Leon County) stating that had they known they would have gotten the \$.25 plan if the EAS survey failed, they would have voted no.

It should be noted, that this also approves in advance an alternative plan. Historically, when a survey fails, staff brings a recommendation back before the Commission requesting that the \$.25 plan or ECS plan be implemented. The alternative toll plan is recommended in dockets where the survey failed, because it has already demonstrated through the traffic studies that the route has calling volumes and distribution factors significant to meet our EAS rules for nonoptional, flat rate, two-way EAS.

Staff recommends that the Commission order a separate survey of the customers in the Belle Glade, Pahokee, Delray Beach, and Boca Raton exchanges for nonoptional, flat rate, two-way EAS to West Palm Beach, and the Boynton Beach customers should be surveyed for nonoptional EAS to Boca Raton. The rates at which these customers should be surveyed will be decided in Issue 2. The letter, ballot and newspaper advertisement should include language that if the survey does not pass, an alternative plan will be implemented (depending on LEC the ECS Plan (\$.25 per call for residents and \$.10 for the first minute and \$.06 for each additional minute for business) or the \$.25 plan (all calls rated at \$.25)). The surveys should be conducted within forty-five (45)

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days of the date the order from this recommendation becomes final. Southern Bell 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.

In addition, if the Boca Raton survey passes, the existing OEAS plan for the Boca Raton/West Palm Beach and the West Palm Beach/Boca Raton routes should be discontinued simultaneously with the implementation of EAS. The EOAS plan for the Belle Glade/West Palm Beach, Delray Beach/West Palm Beach and Pahokee/West Palm Beach should also be discontinued simultaneously with the implementation of EAS, if the Belle Glade, Delray Beach and Pahokee surveys pass. If the Delray Beach/West Palm Beach survey passes, OEAS on the West Palm Beach/Delray Beach route should be discontinued simultaneously. If the Boynton Beach/Boca Raton survey passes, the \$.25 plan will be discontinued with the implementation of EAS. If the surveys pass (each survey is independent of the other), EAS should be implemented within twelve months of the Commission's order approving the survey. Furthermore, if the surveys pass, the additive should stay in place for two years after implementation of EAS or until Southern Bell's next earnings review, whichever ever comes later.

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ISSUE 2: At what rates should the non-optional, flat rate, two-way, EAS routes be surveyed?

PRIMARY RECOMMENDATION: The Belle Glade, Pahokee, Delray Beach, and Boca Raton exchanges should be surveyed for nonoptional, flat rate, two-way EAS to West Palm Beach with subscribers responsible for an extra additive which recovers 25% of SBT's toll loss at the rates listed below in Table A. With this additive, subscribers would pay for 25% of SBT's toll loss in addition to the regrouping additive and the 25/25 additive.

TABLE A
25/25 PLAN WITH REGROUPING AND 25% TOLL RECOVERY

EXCHANGE	RESIDENTIAL 1-PARTY	BUSINESS 1-PARTY	PBX
Belle Glade	\$14.91	\$40.51	\$90.83
Pahokee	\$14.95	\$40.63	\$91.09
Delray Beach	\$14.26	\$39.03	\$87.52
Boca Raton	\$14.04	\$38.36	\$86.00

ALTERNATIVE RECOMMENDATION: The Belle Glade, Pahokee, Delray Beach, and Boca Raton exchanges should be surveyed for nonoptional, flat rate, two-way EAS to West Palm Beach; and the Boynton Beach exchange should be surveyed for EAS to Boca Raton both under the 25/25 plan with regrouping at the monthly rates listed below in Table B:

TABLE B
25/25 PLAN WITH REGROUPING

EXCHANGE	RESIDENTIAL 1-PARTY	BUSINESS 1-PARTY	PBX
Belle Glade	\$12.25	\$33.25	\$72.86
Pahokee	12.25	33.25	72.86
Delray Beach	12.90	35.25	79.06
Boynton Beach	12.74	34.83	78.13
Boca Raton	13.10	35.75	80.16

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PRIMARY STAFF ANALYSIS: Historically, the Commission has ordered the 25/25 plan with regrouping when balloting routes for nonoptional, flat rate, two-way EAS, however, due to the amount of toll revenue loss on these routes going from toll to flat rate, staff believes some additional form of recovery is necessary. This recommendation is a change in the Commission approach regarding additives. Staff is recommending a 25% toll recovery additive in addition to the 25/25 plan with regrouping. SBT would lose over \$6.2 million annually without a 25% toll recovery additive. With the 25% toll recovery additive SBT's annual loss would be reduced to \$1.8 million.

Staff performed an analysis of R-1 rates with the 25/25 plan with regrouping versus the R-1 rate by adding the 25% toll recovery additive. If a 25% toll recovery additive was added to an R-1 rate, the percentages shown below represent the percentage an R-1 customer would pay over the 25/25 plan with regrouping.

Belle Glade - 22%
Pahokee - 22%
Boca Raton - 7%
Delray Beach - 11%

The 25% toll recovery additive was factored into each R-1, B-1, PBX, etc. rate so that a proportional increase was paid by each class of subscriber.

Analysis of the Boynton Beach to Boca Raton route has shown that no extra toll recovery borne by the subscribers is needed. The regrouping additive coupled with the 25/25 additive would recover 99% of SBT's toll loss for this route.

If the Commission orders Southern Bell to survey its Belle Glade, Pahokee, Delray and Boca Raton subscribers for non-optional, flat rate, two-way, toll free calling to West Palm Beach, under the 25/25 plan with regrouping and a 25% toll recovery additive, the new rates at which these exchanges should be surveyed are shown below in Tables C, D, E, and F (these additives should remain in effect for a period of two years or until the next earnings review, whichever is later):

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TABLE C

BELLE GLADE				
Present Rates	25/25 Additive with Regrouping	25% Toll Recovery	Total Additive	New Rates
R-1 \$ 8.10	\$ 4.15	\$ 2.66	\$ 6.81	\$ 14.91
B-1 \$ 21.90	\$ 11.35	\$ 7.26	\$ 18.61	\$ 40.51
PBX \$ 49.39	\$ 23.47	\$ 17.97	\$ 41.44	\$ 90.83

TABLE D

PAHOKEE				
Present Rates	25/25 Additive with Regrouping	25% Toll Recovery	Total Additive	New Rates
R-1 \$ 8.10	\$ 4.15	\$ 2.70	\$ 6.85	\$ 14.95
B-1 \$ 21.90	\$ 11.35	\$ 7.38	\$ 18.73	\$ 40.63
PBX \$ 49.39	\$ 23.47	\$ 18.23	\$ 41.70	\$ 91.09

TABLE E

BOCA RATON				
Present Rates	25/25 Additive with Regrouping	25% Toll Recovery	Total Additive	New Rates
R-1 \$ 10.30	\$ 2.80	\$ 0.94	\$ 3.74	\$ 14.04
B-1 \$ 28.00	\$ 7.75	\$ 2.61	\$ 10.36	\$ 38.36
PBX \$ 62.81	\$ 17.35	\$ 5.84	\$ 23.19	\$ 86.00

TABLE F

DELRAY BEACH				
Present Rates	25/25 Additive with Regrouping	25% Toll Recovery	Total Additive	New Rates
R-1 \$ 9.80	\$ 3.10	\$ 1.36	\$ 4.46	\$ 14.26
B-1 \$ 26.60	\$ 8.65	\$ 3.78	\$ 12.43	\$ 39.03
PBX \$ 57.93	\$ 21.13	\$ 6.66	\$ 27.79	\$ 85.72

A total annual toll loss to SBT with and without the 25% toll recovery additive is shown below in Table G. With the subscribers to the four routes paying for 25% of SBT's toll loss, the total annual toll loss to SBT is \$1,824,556. The total annual toll loss to SBT without the 25% additive (regrouping and 25/25 additive only - Alternative Recommendation), is \$6,212,722.

TABLE G

	ANNUAL TOLL LOSS TO SBT REGROUPING W/25/25	ANNUAL TOLL LOSS TO SBT 25% TOLL RECOVERY ADD.
ALL ROUTES	\$6,212,722.00	\$1,824,556.00

Staff believes without the 25% toll recovery additive, the loss to SBT could impose upward pressure to local rates. SBT would lose over \$6.2 million annually without a 25% toll recovery additive. With the 25% toll recovery additive SBT's annual loss would be reduced to \$1.8 million. Therefore, staff recommends that the rates for these routes be ballot using the 25/25 plan with regrouping and a 25% toll recovery additive.

ALTERNATIVE STAFF ANALYSIS: In all recent EAS dockets (except Plant City to Hillsborough County) in which calling volumes were sufficient to warrant consideration of nonoptional, flat rate, two-way EAS the Commission has approved surveys on the 25/25 plan with regrouping rather than regrouping alone. 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 additive is typically removed after two years or the company's next rate case, whichever is later.

The purpose of the 25/25 plan with regrouping was to allow the local exchange companies (LECs) an opportunity to recover some of the revenues lost when going from toll to local. This additive is to remain in place for two years or until the next earnings review which ever come later. This provides the LECs with some revenue to recover these lost revenues from other services. If any additional rate recovery is warranted over and above the 25/25 additive with regrouping, this can be resolved in a rate case.

If the Commission orders Southern Bell to survey its Belle Glade, Pahokee, Delray and Boca Raton subscribers for non-optional, flat rate, two-way, toll free calling to West Palm Beach, under the 25/25 plan with regrouping, and to survey the Boynton Beach customers for EAS to Boca Raton under the same plan, the new rates at which these exchanges should be surveyed are as follows in Tables H, I, J, and K:

TABLE H

BELLE GLADE AND PAHOKEE				
Present Rates	25/25 Additive	Regroup	Total Additive	New Rates
R-1 \$ 8.10	\$ 2.45	\$ 1.70	\$ 4.15	\$ 12.25
B-1 \$ 21.90	6.65	4.70	11.35	33.25
PBX \$ 49.39	14.93	8.54	23.47	74.66

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TABLE I

BOCA RATON				
Present Rates	25/25 Additive	Regroup	Total Additive	New Rates
R-1 \$ 10.30	\$ 2.45	\$.35	\$ 2.80	\$ 13.10
B-1 \$ 28.00	6.65	1.10	7.75	35.75
PBX \$ 62.81	14.93	2.42	17.35	80.16

TABLE J

DELRAY BEACH				
Present Rates	25/25 Additive	Regroup	Total Additive	New Rates
R-1 \$ 9.80	\$ 2.45	\$.65	\$ 3.10	\$ 12.90
B-1 \$ 26.60	6.65	2.00	8.65	35.25
PBX \$ 57.93	14.93	6.20	21.13	79.06

TABLE K

BOYNTON BEACH				
Present Rates	25/25 Additive	Regroup	Total Additive	New Rates
R-1 \$ 10.05	\$ 2.29	\$.40	\$ 2.69	\$ 12.74
B-1 \$ 27.40	6.23	1.20	7.43	34.83
PBX \$ 61.49	14.00	2.64	16.64	78.13

The 25/25 additives shown above were derived by first calculating the additional calling scope for the Belle Glade, Pahokee, Delray Beach, Boynton Beach and Boca Raton subscribers. The number of access lines by which the calling scope of these exchanges (except Boynton Beach) will increase is simply the number of access lines in the West Palm Beach exchange (321,832). The

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number of access lines by which Boynton Beach will increase is the number of access lines in the Boca Raton exchange (134,481). These numbers of access lines were then applied to Southern Bell's rate group schedule. With the addition of these access lines to the current calling scope of these exchanges, the new calling scope would regroup these exchanges as listed below in Table L:

**TABLE L
RATE GROUPS**

EXCHANGE	CURRENT RATE GROUP	PROPOSED RATE GROUP
Belle Glade	3	8
Pahokee	3	8
Delray Beach	8	11
Boynton Beach	9	11
Boca Raton	10	12

Staff recommends that the customers be balloted using the 25/25 plan with regrouping additive, which is consistent with Commission action in past EAS dockets.

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ISSUE 3: Should any alternative plan be offered on any of the other toll routes considered in this docket?

RECOMMENDATION: No. None of the calling rates on the remaining routes (those that did not meet the EAS requirements) exhibited calling rates and/or distribution sufficient to warrant an alternative toll plan except the Clewiston/Belle Glade route. This route is an interLATA route involving Southern Bell. Staff recommends that this route not be held to Rule 25-4.059 F.A.C., which states that if a determination has been made by the Commission for EAS or other toll alternative arrangements on a specific route, that route will not be reviewed more frequently than once in a three-year period, and thus, allow the Clewiston/Belle Glade route to be reevaluated once an acceptable interLATA plan is developed.

STAFF ANALYSIS: The calling rates for the remaining routes (except the Clewiston/Belle Glade route) that did not meet the EAS requirements did not have a significant enough calling volume to warrant any alternative toll plans. Therefore, they do not exhibit a sufficient community of interest.

Historically, the Commission has implemented the \$.25 plan calling plan on routes that exhibited a substantial calling volume and/or distribution. Typically, these cases were close to meeting our flat rate EAS requirements but failed either on the distribution or volume level by a small percentage. With the exception of the Clewiston/Belle Glade route the remaining routes (those not meeting the EAS requirements) did not meet the M/A/M or the distribution requirements for an alternative plan.

The Clewiston/Belle Glade route did exhibit one-way calling volumes which would qualify for nonoptional, flat rate, two-way EAS under Commission rules, however the percentage of customers making two or more calls on this route is just below the threshold requirement for a survey. If this route was intraLATA, staff would recommend the \$.25 hybrid plan. However, based on Judge Greene's ruling to deny past Southern Bell waiver requests to carry interLATA traffic, staff does not believe this route would be treated any different. Staff is reviewing EAS rules, criteria, and the problems that exist with interLATA toll relief plans in Docket No. 930220-TL. Staff requests that no action be taken at this time on the Clewiston/Belle Glade route and it not be held to Rule 25-4.059 (Filing Requirements), which states that if a determination has been made by the Commission for EAS or other toll alternative arrangements on a specific route, that route will not be reviewed more frequently than once in a three-year period. This route

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should be reconsidered once an acceptable interLATA plan is developed.

Since staff is recommending that no action be taken at this time on the Clewiston/Belle Glade route, staff requests that this interLATA route not be held to Rule 25-4.059 F.A.C., which states that if a determination has been made by the Commission for EAS or other toll alternative arrangements on a specific route, that route will not be reviewed more frequently than once in a three-year period. Once an acceptable toll alternative plan can be developed, staff will bring this route back before the Commission for review. Staff further recommends that the calling volumes on the remaining routes were insufficient to warrant any alternative plans.

ISSUE 4: Should Docket No. 921193-TL be closed?

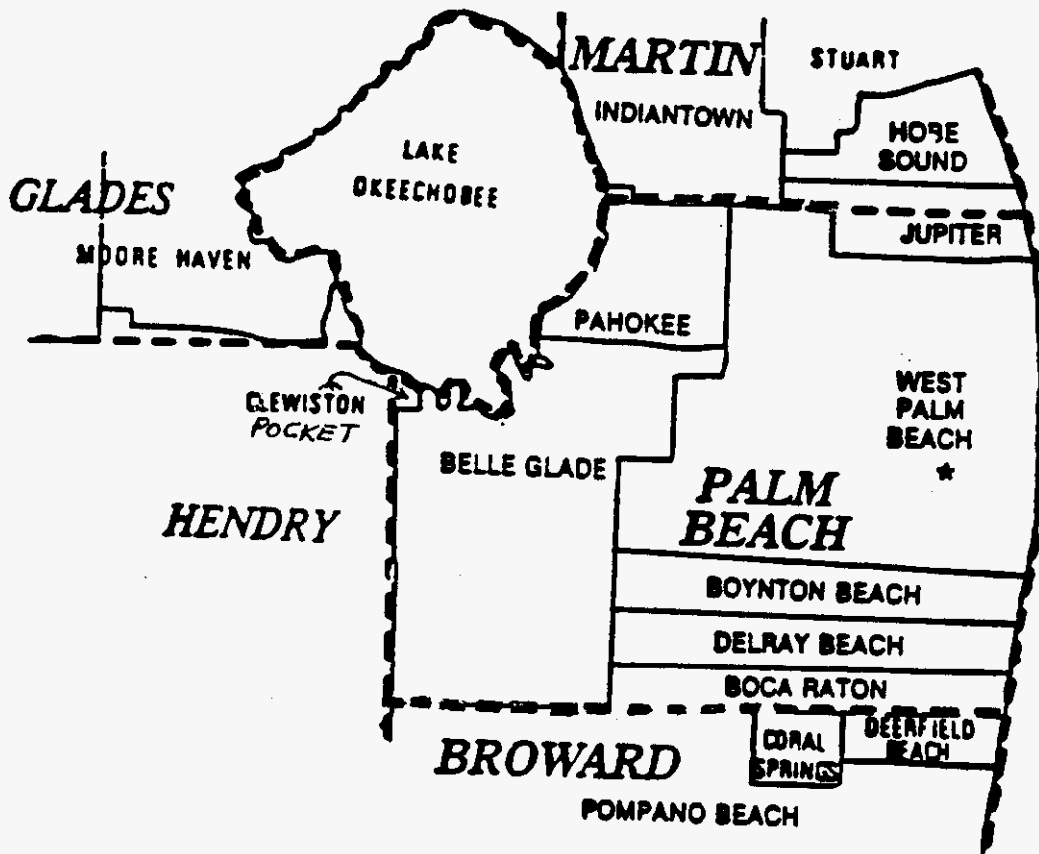
RECOMMENDATION: No, this docket should remain open to survey the appropriate exchanges.

STAFF ANALYSIS: This docket should remain open to survey the appropriate exchanges.

EXCHANGE DATA					
EXCHANGE	LEC	LATA OR MARKREA	ACCESS LINES EAS LINES	EAS CALLING SCOPE	BASIC RATES
WEST PALM BEACH	SBT	Southeast	321,832 411,310	Boynton Beach, Jupiter [Boca Raton, Delray Beach]	R-1 \$10.05 B-1 \$27.40 PBX \$61.49
BELLE GLADE	SBT	Southeast	8,876 11,765	Pahokee (West Palm Beach)	R-1 \$ 8.80 B-1 \$23.85 PBX \$53.68
BOCA RATON	SBT	Southeast	134,481 468,500	Coral Springs, Deerfield Bch, Delray Bch, Pompano Bch [West Palm Bch] (Fort Lauderdale) Boynton Bch#	R-1 \$10.30 B-1 \$28.00 PBX \$62.81
BOYNTON BEACH	SBT	Southeast	51,665 440,870	Delray Bch, West Palm Bch Boca Raton#	R-1 \$10.05 B-1 \$27.40 PBX \$61.49
DELRAY BEACH	SBT	Southeast	67,373 304,064	Boca Raton, Boynton Bch, Deerfield Bch (West Palm Bch)	R-1 \$ 9.80 B-1 \$26.60 PBX \$59.73
JUPITER	SBT	Southeast	37,813 368,398	Hobe Sound, West Palm Bch	R-1 \$ 9.80 B-1 \$26.60 PBX \$59.73
PAHOKEE	SBT	Southeast	2,998 11,765	Belle Glade (West Palm Bch)	R-1 \$ 8.10 B-1 \$21.90 PBX \$49.39
CLEWISTON	UNITED	Fort Myers	6,516 6,516	[Moore Haven]	R-1 \$ 6.47 B-1 \$15.20 PBX \$30.40

- [] OEAS PLAN
- () EOEAS PLAN
- * \$.25 PLAN IN EFFECT

PALM BEACH
COUNTY



--- COUNTY BOUNDARY
— EXCHANGE BOUNDARY