

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center, 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

M E M O R A N D U M

August 3, 1995

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (SHELPER, CHASE, WIDELL) *AS*
DIVISION OF LEGAL SERVICES (CANZANO) *CR*

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

DOCKET NO. 921267-TL - RESOLUTION BY ALACHUA COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE (EAS) THROUGHOUT ALACHUA COUNTY.

DOCKET NO. 930236-TL - RESOLUTION BY MARION COUNTY COMMISSIONERS FOR COUNTYWIDE EXTENDED AREA SERVICE (EAS) WITHIN MARION COUNTY.

DOCKET NO. 930979-TL - PETITION BY SUBSCRIBERS OF LIVE OAK FOR EXTENDED AREA SERVICE (EAS) TO LAKE CITY.

DOCKET NO. 940335-TL - PETITION BY RESIDENTS OF MEXICO BEACH (THE BEACHES EXCHANGE) FOR EXTENDED AREA SERVICE (EAS) BETWEEN THE BEACHES EXCHANGE AND THE PANAMA CITY AND TYNDALL AIR FORCE BASE EXCHANGES.

DOCKET NO. 940420-TL - RESOLUTION BY WALTON COUNTY BOARD OF COMMISSIONERS FOR EXTENDED AREA SERVICE (EAS) BETWEEN ALL WALTON COUNTY EXCHANGES AND FORT WALTON BEACH EXCHANGE.

AGENDA: AUGUST 15, 1995 - REGULAR AGENDA - PROPOSED AGENCY ACTION
- INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

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

DOCUMENT NUMBER-DATE

07400 AUG-3 95

FPSC-RECORDS/REPORTING

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CASE BACKGROUND

- The Commission postponed making decisions for the dockets involved in this recommendation until after the conclusion of the extended area service (EAS) rulemaking docket (930220-TL). This delay was to enable staff to investigate the problems concerning EAS and revise the rules. One of the areas staff was directed to review was alternative toll plans. The Commission's intention was to develop a plan that could be implemented on both intraLATA and interLATA routes. By creating a standard alternative toll plan and including it in the rules, a uniform plan could be implemented, on qualified routes statewide, regardless of LATA lines.
- Because of the new legislation, the proposed EAS rules will not be considered. Staff is proposing to close the EAS rulemaking docket (930220-TL) and address the pending EAS dockets grouped together based on subject type (intraLATA alternative plan, interLATA alternative plan, pocket situations, interLATA traffic studies, supplemental community of interest criteria, and Commission ordered interLATA routes that were denied by Judge Greene).
- This recommendation will address the pending EAS dockets which have been identified by the Commission as having routes that should be considered for "intraLATA alternative toll plans" after the EAS rulemaking docket.

DISCUSSION OF ISSUES

ISSUE 1: Should extended calling service (ECS) be offered on any of the routes listed below in Table A, which were identified in Docket No 921193-TL to be considered for an alternative toll plan?

TABLE A
Boca Raton/West Palm Beach
Delray Beach/West Palm Beach
Belle Glade/West Palm Beach
Pahokee/West Palm Beach
Boynton Beach/Boca Raton*

* \$.25 Plan (Residential & business calls rated at \$.25 per call)

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on all the routes listed in Table A, including the Boynton Beach/Boca Raton route which currently has the \$.25 plan. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry.

STAFF ANALYSIS: Because different local exchange companies (LECs) have different names for the same alternative toll plan, staff will refer to what the Commission has previously called the "\$.25 hybrid plan" from now on as "ECS" (extended calling service). This should reduce confusion in the future when referring to \$.25 plans.

By Order No. PSC-94-1109-FOF-TL, issued September 9, 1994, the Commission denied EAS on the routes listed in Table A because subscribers voted against increasing their rates for flat rate EAS. The Commission also made no determination regarding any alternative

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toll plans for these routes until after the conclusion of the EAS rule revision docket (930220-TL).

Historically, the Commission has 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 Commission has also implemented alternative toll plans on routes that met the EAS rule requirements but failed in the balloting process. Since the purpose of alternative toll plans are to provide toll relief on routes that have a demonstrated community of interest, these routes were considered to have met that criteria. The four routes in this docket are being considered for ECS because they did not pass the ballot for nonoptional, two-way, flat rate EAS.

The calling rates and distribution factors on the Boca Raton/West Palm Beach, Delray Beach/West Palm Beach, Pahokee/West Palm Beach, and Belle Glade/West Palm Beach routes exhibit a community of interest sufficient to warrant ECS. In addition, the Boynton Beach/Boca Raton route, which currently has the \$.25 plan (residential and business calls rated at \$.25 per call), should be converted to ECS. This would ensure that the alternative toll plans within Palm Beach County are uniform.

Staff believes 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 (Request by the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

In computing revenue impact, staff 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 the annual revenue loss on the four toll routes to be \$5,390,477 for Southern Bell. Including the conversion of the Boynton Beach/Boca Raton route from the \$.25 plan to ECS, staff estimates an annual revenue loss of \$5,550,437. Absent stimulation the annual revenue loss on the four toll routes would be \$8,958,344, and \$9,118,304, the latter including the Boynton Beach/Boca Raton route.

It should be noted that in Docket No. 920260-TL Southern Bell has filed a tariff proposal to satisfy the outstanding revenue

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reduction of \$25 million. This tariff proposes to introduce ECS on 252 intra-company routes. On July 28, 1995, Southern Bell filed a request to add 72 more routes to this proposal. The routes in Table A are all included in Southern Bell's proposal. A hearing was held on July 31, 1995, regarding Southern Bell's revenue reduction of \$25 million.

Staff believes the decision to implement an alternative to flat rate EAS for these five routes (10 routes - counting both directions) should be considered in this docket (921193-TL). These routes have met specific Commission rule criteria, and ECS should be considered based on the Commission's EAS policy. The decision regarding whether to allow Southern Bell to use a portion of the \$25 million to recover lost revenues should be left to the rate case docket. The Commission has not made a determination on whether the qualifying criteria used by Southern Bell are appropriate, and the issue in Southern Bell's docket is how to reduce its revenue by \$25 million.

Staff has estimated an annual revenue loss with stimulation of \$7,309,897. Whether this money should be considered part of the \$25 million in revenue deduction will be decided in Docket No. 920260-TL. However, staff believes ECS should be implemented on these routes regardless of the Commission's decision to include or exclude this revenue reduction in the \$25 million.

Staff recommends that ECS be implemented on the routes listed in Table A. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 2: Should extended calling service (ECS) be offered on the McIntosh/Gainesville route which was identified in Docket No. 921267-TL to be considered for an alternative toll plan?

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on the McIntosh/Gainesville route. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry.

STAFF ANALYSIS: By Order No. PSC-93-1635-FOF-TL, issued November 8, 1994, in Docket No. 921267-TL (Resolution by Alachua County Commission for countywide EAS) the Commission denied EAS on all the 70 routes within Alachua County. The Commission also decided, with the exception of the McIntosh/Gainesville route, that the calling rates and distribution on the remaining 69 routes did not exhibit a sufficient community of interest to warrant an alternative toll plan. The McIntosh/Gainesville route was identified to be evaluated after the conclusion of the EAS rule revision docket (930220-TL).

As stated in Issue 1, historically, the Commission has considered an alternative toll plan 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 McIntosh/Gainesville route exceeded the M/A/M requirement but missed the distribution criteria by a very small fraction. Staff believes the calling rates and distribution factors on this route exhibit community of interest factors sufficient to warrant ECS.

Staff also believes it is appropriate to allow interexchange carriers (IXCs) to continue to carry the same types of traffic on this route 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 (Request by

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the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

In computing revenue impact, staff used a 50% stimulation factor. This is consistent with the stimulation factor used by Southern Bell in determining the revenue impact of its ECS proposal in Docket No. 920260-TL. With stimulation, staff estimates an annual revenue loss for ALLTEL of \$17,588; absent stimulation, the annual revenue loss would be \$49,736. Southern Bell would experience, with stimulation, an estimated annual revenue loss of \$41,775; absent stimulation, the annual revenue loss would be \$62,897.

Staff recommends that ECS be implemented on the McIntosh/Gainesville route. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry. ECS should be implemented on these routes as soon as possible but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 3: Should extended calling service (ECS) be offered on the Williston/Ocala and Williston/McIntosh routes, which were identified in Docket No. 930236-TL to be considered for an alternative toll plan?

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on the Williston/Ocala and Williston/McIntosh routes. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry.

STAFF ANALYSIS: By Order No. PSC-93-1586-FOF, issued November 1, 1993, in Docket No. 930236-TL (Resolution by Marion County Commission for countywide EAS) the Commission denied EAS on all routes except the Williston/Ocala and Williston/McIntosh routes, which were to be balloted for EAS. The Commission further decided that none of the remaining routes had calling rates and distribution factors to warrant an alternative toll plan.

By Order No. PSC-94-0428-FOF-TL, issued April 11, 1994, the Commission denied EAS on the Williston/Ocala and Williston/McIntosh routes because the subscriber survey failed. The Commission also decided that the Williston/Ocala route (including the Williston/McIntosh route to avoid leapfrogging) should be reviewed for an alternative plan after the conclusion of the EAS rulemaking docket (930220-TL).

As stated in Issue 1, historically, the Commission has considered an alternative toll plan 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 Commission has also implemented alternative toll plans on routes that met the EAS rule requirements but failed in the balloting process. Since the purpose of alternative toll plans is to provide toll relief on routes that have a demonstrated community

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of interest, these routes were considered to have met those criteria. The Williston/Ocala and Williston/McIntosh routes are being considered for ECS because they did not pass the ballot for nonoptional, two-way, flat rate EAS.

Staff also believes 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 (Request by the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

Staff was unable to accurately compute the revenue impact for United on the Williston/Ocala route because the revenue information provided by United did not take into consideration the optional toll plan from Williston to Ocala. Therefore, no revenue impact information is provided United. In computing revenue impact for ALLTEL, staff used a 50% stimulation factor. With stimulation, staff estimates an annual revenue loss for ALLTEL of \$5,038; absent stimulation, an estimated annual revenue loss would be \$12,733.

Staff recommends that ECS be implemented on the Williston/Ocala and Williston/McIntosh routes. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on these routes that they are now authorized to carry. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 4: Should extended calling service (ECS) be offered on the Live Oak/Lake City route which was identified in Docket No. 930979-TL to be considered for an alternative toll plan?

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on the Live Oak/Lake City route. Residential customers should pay \$.25 per call regardless of duration, and business calls on this route should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on these routes as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry.

STAFF ANALYSIS: By Order No. PSC-94-0437-FOF-TL, issued April 20, 1994, in Docket No. 930979-TL (Petition by subscribers of Live Oak for EAS to Lake City) the Commission denied EAS on this route. The Commission also decided to review the Live Oak/Lake City route for an alternative plan after the EAS rulemaking docket (930220-TL).

As stated in Issue 1, historically, the Commission has considered an alternative toll plan 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 Live Oak/Lake City route exceeded the M/A/M requirement but missed the distribution criteria by a small fraction. Staff believes the calling rates and distribution factors on this route exhibit community of interest factors sufficient to warrant ECS.

Staff also believes 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 (Request by the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

In computing revenue impact, staff used a 50% stimulation factor. This is consistent with the stimulation factor used by Southern Bell in determining the revenue impact of its ECS proposal in Docket No. 920260-TL. With stimulation, staff estimates an

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annual revenue loss for ALLTEL of \$14,622; absent stimulation, the annual revenue loss would be \$79,512. Southern Bell would experience, with stimulation, an estimated annual revenue loss of \$117,922; absent stimulation, the annual revenue loss would be \$157,059.

Staff recommends that ECS be implemented on the Live Oak/Lake City route. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry. ECS should be implemented on this route as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 5: Should extended calling service (ECS) be offered on the Beaches/Panama City route which was identified in Docket No. 940335-TL to be considered for an alternative toll plan?

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on the Beaches/Panama City route. Residential customers should pay \$.25 per call regardless of duration, and business calls on this route should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on this route as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry.

STAFF ANALYSIS: By Order No. PSC-94-1367-FOF-TL, issued November 10, 1994, in Docket No. 940335-TL (Petition by residents of Mexico Beach for EAS between the Beaches exchange and the Panama City and Tyndall Air Force Base exchanges) the Commission denied EAS on these routes. The Commission also decided to review the Beaches/Panama City route for an alternative plan after the EAS rulemaking docket (930220-TL).

As stated in Issue 1, historically, the Commission has considered an alternative toll plan 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 Beaches/Panama City route exceeded the M/A/M requirement but missed the distribution criteria by a small fraction. Staff believes the calling rates and distribution factors on this route exhibit community of interest factors sufficient to warrant ECS.

Staff also believes it is appropriate to allow interexchange carriers (IXCs) to continue to carry the same types of traffic on this route 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 (Request by the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

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In computing revenue impact, staff used a 50% stimulation factor. This is consistent with the stimulation factor used by Southern Bell in determining the revenue impact of its ECS proposal in Docket No. 920260-TL. With stimulation, staff estimates an annual revenue loss for St. Joseph Telephone Company of \$33,863; absent stimulation, the annual revenue loss would be \$56,129. Southern Bell would experience, with stimulation, an estimated annual revenue loss of \$20,474; absent stimulation, the annual revenue loss would be \$30,028.

Staff recommends that ECS be implemented on the Beaches/Panama City route. Residential customers should pay \$.25 per call regardless of duration, and business calls on these routes should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnect usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry. ECS should be implemented on this route as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 6A: Should extended calling service (ECS) be offered on the Freeport/Fort Walton Beach route which was identified in Docket No. 940420-TL to be considered for an alternative toll plan?

RECOMMENDATION: Yes, extended calling service (ECS) should be implemented on the Freeport/Fort Walton Beach route. Residential customers should pay \$.25 per call regardless of duration, and business calls on this route should be rated at \$.10 for the first minute and \$.06 for each additional minute. ECS should be implemented on this route as soon as possible but not to exceed six months from the issuance date of the order from this recommendation.

Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge.

Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry.

STAFF ANALYSIS: By Order No. PSC-94-1378-FOF-TL, issued November 14, 1994, in Docket No. 940420-TL (Resolution by Walton County Commission for EAS between all of Walton County and Fort Walton Beach exchange) the Commission denied EAS on all requested toll routes. The Commission directed staff, after the conclusion of the EAS rulemaking docket, to review the Freeport/Valparaiso route, which currently has the \$.20 plan, to determine if it qualified for EAS (this will be addressed in Issue 6B). The Commission also decided to review the Freeport/Fort Walton Beach route for an alternative plan after the EAS rulemaking docket (930220-TL). This will be discussed in this issue.

As stated in Issue 1, historically, the Commission has considered an alternative toll plan 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 Freeport/Fort Walton Beach route exceeded the M/A/M requirement but missed the distribution criteria by a small fraction. Staff believes the calling rates and distribution factors on this route exhibit community of interest factors sufficient to warrant ECS.

Staff also believes it is appropriate to allow interexchange carriers (IXCs) to continue to carry the same types of traffic on this route 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 (Request by

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the Broward County Commission for EAS between Fort Lauderdale, Hollywood, North Dade and Miami).

In computing revenue impact, staff considered a 50% stimulation factor. This is consistent with the stimulation factor used by Southern Bell in determining the revenue impact of its ECS proposal in Docket No. 920260-TL. With stimulation, staff estimates an annual revenue loss for Centel of \$128,630; absent stimulation, the annual revenue loss would be \$165,465.

Staff recommends that ECS be implemented on the Freeport/Fort Walton Beach route. Residential customers should pay \$.25 per call regardless of duration, and business calls on this route should be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers will charge end users \$.25 per message and pay the standard measured interconnection usage charge. Interexchange carriers (IXCs) may continue to carry the same types of traffic on this route that they are now authorized to carry. ECS should be implemented on this route as soon as possible, but not to exceed six months from the issuance date of the order from this recommendation.

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ISSUE 6B: Should the Freeport exchange, which currently has the \$.20 plan, be balloted for nonoptional, flat rate, two-way EAS to the Valparaiso exchange?

RECOMMENDATION: No. The calling rates and distribution factors on this route do not exhibit a sufficient community of interest to warrant a survey for EAS. Therefore, staff recommends that no further action be taken on this route.

STAFF ANALYSIS: The Commission directed staff, after the conclusion of the EAS rulemaking docket, to review the Freeport/Valparaiso route, which currently has the \$.20 plan, to determine if it qualified for EAS. See Order No. PSC-94-1378-FOF-TL, issued November 14, 1994, in Docket No. 940420-TL.

Staff developed qualifying criteria for these routes, however due to the new legislation, the EAS rulemaking docket will be closed. In an attempt to determine if the Freeport/Valparaiso route would have met the proposed qualifying criteria, staff tried to apply the requirements to the information which staff had available on this route. It is assumed that since this route was granted an alternative toll plan that some community of interest exists. Using the proposed rule criteria, in order to be considered for EAS the route must have, at a minimum, at least 8 M/A/Ms. If this factor is met, then the Commission may consider distribution, and qualitative information that was used in its decision to implement the \$.20 plan to determine if a sufficient community of interest exists to warrant a survey for EAS. This route had 8 M/A/Ms and a distribution level of 49% (49% of the customers make two or more calls).

It is staff's opinion that 8 M/A/Ms with a distribution factor or 49% does not warrant further action. This route would not qualify for nonoptional, flat rate, two-way EAS if it were a toll route. In fact 41% of the customers make no calls to Valparaiso and only 58.9% made one or more. It appears to staff that the \$.20 plan is meeting the needs of the subscribers; therefore, staff recommends that EAS on this route be denied.

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ISSUE 7: Should the dockets in this recommendation be closed?

RECOMMENDATION: Yes, with the approval of Issues 1 - 6B, these dockets should be closed if no protests are filed within 21 days of the issuance of the order. A protest regarding one route should not keep the action regarding other routes from becoming final.

STAFF ANALYSIS: Yes, with the approval of Issues 1 - 6B, these dockets should be closed if no protests are filed within 21 days of the issuance of the order. A protest regarding one route should not keep the action regarding other routes from becoming final.