

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: REQUEST BY ESCAMBIA BOARD OF)	DOCKET NO. 871268-TL
COUNTY COMMISSIONERS FOR EXTENDED AREA)	ORDER NO. 20605
SERVICE BETWEEN ALL ESCAMBIA COUNTY)	ISSUED: 1-17-89
COMMUNITIES.)	

The following Commissioners participated in the disposition of this matter:

KATIE NICHOLS, Chairman
 THOMAS M. BEARD
 GERALD L. GUNTER
 JOHN T. HERNDON
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTIONORDER GRANTING COUNTYWIDE 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 upon a request for countywide Extended Area Service (EAS) filed by the Escambia Board of County Commissioners on December 1, 1987. The request for countywide EAS involves the following exchanges; Pensacola, Cantonment, Molino, Walnut Hill, Davisville and Century. These exchanges are served by either Southland Telephone Company (Southland) or Southern Bell Telephone and Telegraph Company (Southern Bell), which are subject to our regulation pursuant to Chapter 364, Florida Statutes.

In addition to involving intercompany routes, this request also involves interLATA (Local Access Transport Area) routes. Southern Bell's Century exchange and Southland's Davisville and Walnut Hill exchanges are located in the Mobile, Alabama LATA. The remaining exchanges, consisting of the Southern Bell's Pensacola and Cantonment exchanges, and Southland's Molino exchange, are located in the Pensacola, Florida LATA. Since interLATA routes are involved our actions as proposed herein if implemented will necessitate Southern Bell obtaining a waiver of Judge Greene's Modified Final Judgment.

Order No. 18615, issued December 29, 1987, directed Southern Bell and Southland to complete traffic studies on the affected routes. A subsequent order, Order No. 19000, granted the companies an extension of time to complete and submit the traffic data due to the complexities inherent in completing an interLATA traffic study. Additionally, the Prehearing Officer granted Southern Bell's request that the results of its traffic study be accorded confidential treatment. The Prehearing

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

ORDER NO. 20605
DOCKET NO. 871268-TL
PAGE 2

Officer ruled the traffic data confidential on the basis that the disclosure of the traffic volume on the interLATA routes would aid competitors to the detriment of the long distance carriers which currently provide service on the affected routes.

At the October 14, 1988 Agenda Conference we voted against surveying the customers on the implementation of the alternative toll plan, known as the 25/25 plan. Instead we directed Southern Bell and Southland to develop a flat rate plan for implementation of countywide EAS, which would be voted on by all exchanges except the Pensacola exchange. That plan was submitted for our review on November 21, 1988. Upon consideration of the material submitted we announce our intention to take the following action.

DISCUSSION

In response to our directive, Southern Bell and Southland worked together to develop rates on which Escambia County subscribers in Cantonment, Century, Davisville, Molino and Walnut Hill could be surveyed for implementation of countywide EAS. Appendix A indicates the companies proposed EAS additives and includes an increase for all exchanges but the Pensacola exchange. As Appendix A demonstrates the companies' proposal for countywide EAS would place the same EAS additive on each exchange, except Pensacola, regardless of the particular exchanges' current rates and EAS calling scope. Appendix B is a summary of the various EAS calling scopes for each exchange.

Appendix B demonstrates that presently both Cantonment and Molino have EAS to one another as well as to Pensacola. With the implementation of countywide EAS the Cantonment and Molino exchanges will only gain an additional 2,874 access lines. This gain in access lines is in sharp contrast to Century subscribers' gain of 115,744 access lines; Davisville subscribers' gain of 116,026 access lines; and Walnut Hill's gain of 116,026 access lines. Additionally, Pensacola subscribers will only gain 2,874 access lines from the addition of EAS to the Century, Davisville and Walnut Hill exchanges. We believe that the companies' proposed additive to be applied to Cantonment subscribers, who presently have the same monthly rates as Pensacola, is inappropriate in view of the small increase in their calling scope. Accordingly, Cantonment's present rates will remain in effect and they will not be surveyed for implementation of flat rate two-way EAS.

Additionally, we reject the companies' proposed increase in the rates of Molino subscribers. If the companies' plan was approved Molino's residential rates would increase from \$9.45 per month to \$11.55. This increase of \$2.10 will only increase Molino's calling scope by 2,874 access lines, while for the same amount the subscribers of Walnut Hill and Davisville will gain an additional 116,026 access lines. Instead we direct that the Molino subscribers be surveyed at the same rate as we direct that Century, Davisville and Walnut Hill subscribers be surveyed.

Accordingly, we hereby reject the companies' proposed EAS

ORDER NO. 20605
 DOCKET NO. 871268-TL
 PAGE 3

additives and direct that the companies survey the customers in the Century, Davisville, Walnut Hill and Molino exchanges at the rates currently in effect in Pensacola and Cantonment. Those rates are shown below:

	<u>Current Rate</u>		
	R-1	B-1	PBX
Cantonment	\$9.15	24.90	55.99
Pensacola	\$9.15	24.90	55.99

We note that for the subscribers in all exchanges, but the Molino exchange, the ballot will ask them to vote to increase their rates while considerably expanding their local calling scope. Molino subscribers will be asked to vote to decrease their current rates by \$.30. Southland shall endeavor to develop a survey letter that appropriately designates this decrease to its Molino subscribers.

The subscribers in the exchanges to be surveyed shall be balloted by the appropriate company within thirty (30) days of the issuance of the consummating order. Prior to balloting Southern Bell and Southland shall submit their survey letters to our staff for approval.

After the survey is completed and the ballots are tabulated, a simple majority of the total eligible customers must vote affirmatively in order to obtain countywide EAS. Our decision to require a simple majority of those eligible to vote necessitates a waiver of Rule 25-4.063 (5)(a), Florida Administrative Code. This Rule provides that 51% of all subscribers required to be surveyed must vote favorably. We hereby announce our intention to waive this rule. If the survey passes we direct that countywide EAS be implemented within twelve months of the survey results.

Implementation Costs

We recognize that there is an economic impact to Southern Bell and Southland as a result of implementing countywide EAS. Southland and Southern Bell will lose existing toll and access charges. The companies submitted informal cost data which we have reviewed. Rule 25-4.061, Florida Administrative Code, provides for a determination by the company of the cost for implementing EAS. We will rely on the companies' informal cost data and will not require Southern Bell and Southland to incur the cost to submit formal cost studies. Accordingly, we hereby announce our intention to waive this Rule.

Our rules provide that in circumstances in which the qualification for EAS depends on the calling pattern of the

ORDER NO. 20605
DOCKET NO. 871268-TL
PAGE 4

petitioning exchange as well as subscriber approval, recovery of costs is assigned as follows:

...the requested service may still be implemented provided that the entire incremental cost for the new service, less any additional revenues generated by regrouping in either or both exchanges, shall be borne by the subscribers of the petitioning exchange. (Rule 25-4.062(4), Florida Administrative Code)

Pursuant to Rule 25-4.062(4), on any two-way EAS plan the subscribers in each petitioning exchange (in this case the entire county, since the Escambia Board of County Commissioners petitioned for countywide EAS) should bear the burden of the company recovering its 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 we approve rates that would be unacceptable to customers. Surveying customers on high rates ensures the failure of a survey. Based on the high community of interest we believe EAS is warranted and that a survey that contains more reasonable rates should be conducted. Therefore, we announce our intention to waive Rule 25-4.062(4) Florida Administrative Code.

Micellaneous

If the results of the survey are favorable we will consider whether we should modify Order No. 14452, which provides for the disposition of surpluses in the transition from a pooling system to a bill and keep system for access revenues.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the request for countywide extended area service filed by Escambia Board of County Commissioners is hereby granted to the extent outlined in the body of this Order. It is further

ORDERED that if there is no protest filed within the timeframes set forth below Southern Bell Telephone and Telegraph Company and Southland Telephone Company shall survey within thirty days of the final order their respective subscribers in Escambia County on the implementation of countywide extended area service, at the rates outlined in the body of this Order. It is further

ORDERED that the subscribers Southern Bell shall survey are those subscribers located in the Century exchange. It is further

ORDERED that the subscribers Southland shall survey are those subscribers located in the Davisville, Molino and Walnut Hill exchanges. It is further

ORDER NO. 20605
DOCKET NO. 871268-TL
PAGE 5

ORDERED that it shall require a simple majority of the total eligible voters casting favorable ballots for the survey to pass, as set forth in the body of this Order, thereby waiving the requirements of Rule 25-4.063(5)(a), Florida Administrative Code. It is further

ORDERED that Rule 25-4.061, Florida Administrative Code is waived, thereby relieving the Southern Bell and Southland from performing cost studies. It is further

ORDERED that Rule 25-4.062(4), Florida Administrative Code shall be waived as 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 the survey. It is further

ORDERED that if the survey passes Southern Bell shall immediately begin taking action to obtain a waiver from Judge Greene for the provision of interLATA services. It is further

ORDERED that the effective date of our action described herein is February 3, 1989, if no protest to this Proposed Agency Action is filed within the timeframes set forth below. It is further

ORDERED that if no protest is filed within the time frames set forth below this docket will remain open pending completion of the subscriber survey.

By ORDER of the Florida Public Service Commission,
this 17th day of JANUARY, 1989.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DWS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes (1985), as amended by Chapter 87-345, Section 6, Laws of Florida (1987), 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.

ORDER NO. 20605
DOCKET NO. 871268-TL
PAGE 6

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 February 2, 1989. In the absence of such a petition, this order shall become effective February 3, 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 February 3, 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.