

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Munson exchange)	DOCKET NO. 900139-TL
subscribers for extended area service)	
between Munson exchange and the Pace)	ORDER NO. 23119
and Pensacola exchanges)	
<hr/>		ISSUED: 6-25-90

The following Commissioners participated in the disposition of this matter:

- MICHAEL McK. WILSON, Chairman
- THOMAS M. BEARD
- BETTY EASLEY
- GERALD L. GUNTER

NOTICE OF PROPOSED AGENCY ACTION
AND
ORDER REQUIRING IMPLEMENTATION OF
EXTENDED AREA SERVICE

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This docket was initiated pursuant to petitions filed with this Commission by residents of the Munson exchange. These petitions requested that we consider requiring implementation of extended area service (EAS) between the Munson exchange and the Pace and Pensacola exchanges. The Munson and Pace exchanges are located in Santa Rosa County, while the Pensacola exchange is located in Escambia County. These exchanges are served by Southern Bell Telephone and Telegraph Company (Southern Bell or the Company), which is subject to regulation by this Commission pursuant to Chapter 364, Florida Statutes.

By Order No. 22663, issued March 12, 1990, we directed Southern Bell to conduct traffic studies on the affected routes to determine if a sufficient community of interest existed pursuant to Rule 25-4.060, Florida Administrative Code. For these studies, we requested that the Company measure the messages per main and equivalent main station per month (M/M/M)

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and percentage of subscribers making two (2) or more calls monthly to the exchanges for which EAS was proposed.

Each of the involved exchanges currently has EAS as follows:

<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>EAS CALLING SCOPE</u>
Munson	397	Jay, Milton
Pace	6,652	Gulf Breeze, Jay, Milton, Pensacola
Pensacola	108,649	Cantonment, Gulf Breeze, Holley-Navarre, Milton, Molino, Pace

Current basic local service rates for the exchanges involved in this EAS request are:

Munson Exchange - Rate Group III

R-1	\$ 8.10
B-1	\$21.90
PBX	\$49.39

Pace and Pensacola Exchanges - Rate Group VI

R-1	\$ 9.15
B-1	\$24.90
PBX	\$55.99

The demographics of the areas involved in this EAS request are described below.

Demographics

The Munson exchange is a very small rural exchange located in northeastern Santa Rosa County. Blackwater River State Forest covers approximately 80% of the land in the exchange. Many of the residents are employed by the State Forestry Division. Residents primarily travel to Milton (bordering to the west and south) and Pensacola for shopping, entertainment,

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and medical needs. There is very little community of interest toward Pace from the residents and businesses in Munson.

The Pace exchange is located in southwest Santa Rosa County and is separated from the Munson exchange by the Milton exchange. There are two major businesses, Air Products and Chemicals and American Cyanamid, which employ many of the residents. Residents are also employed at Whiting Field and Vanity Fair in Milton, and at various businesses in Pensacola (bordering to the southwest). Easy access to Milton and Pensacola via U.S. Highway 90 and Interstate 10 and lower land prices and taxes have made it attractive for workers to settle in this area. Residents go to Pensacola for shopping, entertainment, and medical needs. There is very little, if any, community of interest toward Munson from the residents and businesses in Pace.

The Pensacola exchange is located in the southernmost portion of Escambia County. This exchange can be accessed by Interstate 10 and U.S. Highways 29, 90 and 98. The exchange includes the center of economic activity for the two-county Pensacola Metropolitan Statistical Area and is Escambia County's seat of government. In addition, state and national governments have sizable installations within the exchange. The majority of the approximately 13,000 military personnel in the area work and live within the Pensacola exchange. There is very little, if any, community of interest toward Munson from the residents and businesses of Pensacola. There is, however, a substantial community of interest from the residents and businesses of Munson toward Pensacola, the dominant city of northwest Florida.

DISCUSSION

In response to our directive, Southern Bell filed the requested traffic studies. The traffic studies revealed the following one-way calling rates on the routes affected by this EAS request:

<u>ROUTE</u>	<u>*M/M/M</u>	<u>% OF CUSTOMERS MAKING 2 OR MORE CALLS</u>
Munson to Pace	3.73	36.27
Pace to Munson	.23	2.51
Munson to Pensacola	8.49	52.33
Pensacola to Munson	.03	.30

*Data includes foreign exchange (FX) lines

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Rule 25-4.060(2)(a), Florida Administrative Code, requires a minimum of 3.00 M/M/Ms, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month, to indicate a sufficient community of interest to warrant further study of the feasibility of implementing nonoptional EAS. As can be seen from the chart above, the calling rate on the Munson to Pensacola route far exceeds the minimum requirements under our rules for further consideration of a nonoptional EAS plan. The calling rate on the intermediate route, however, falls short of our rule requirements.

Our policy in the past has been not to establish EAS where skipping over intermediate exchanges would be involved, because this would create a situation where calls to the more distant exchange are local, while calls to an adjacent exchange incur toll charges. At the same time, we do not believe the subscribers in Munson should be denied EAS to Pensacola because the calling rate on the intermediate exchange falls short of the rule requirement. We believe a sufficient community of interest exists on the Munson to Pensacola route to warrant toll relief. We would note, also, that both intermediate exchanges, Milton and Pace, presently have nonoptional, flat rate, two-way calling to and from Pensacola. In addition, EAS already exists between the Milton and Munson exchanges. We wish to emphasize, however, that our policy has been and will continue to be not to permit "leap-frogging" or skipping of exchanges in an EAS request.

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

<u>CUSTOMER CLASS</u>	<u>CURRENT RATE</u>	<u>NEW RATE</u>
R-1	\$ 8.10	\$11.35
B-1	21.90	30.86
PBX	49.39	69.41

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Under this calling plan, Pace and Pensacola customers will not pay an additional charge and therefore are excluded from the survey.

The subscribers in the Munson exchange shall be surveyed by Southern Bell within thirty (30) days of the issuance of a consummating order finalizing this proposed agency action. Prior to conducting the survey, Southern Bell shall submit its explanatory survey letter and ballot to our staff for approval.

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

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

We also find it appropriate to waive the requirements of Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs from the subscribers in the petitioning exchange upon implementation of traditional, two-way, nonoptional EAS. Our experience with cost information that has been submitted to date in other EAS dockets has shown that to permit full recovery of costs would require us to approve rates that would be unacceptable to customers. Surveying customers on such high rates would ensure failure of the survey. Based on the community of interest exhibited along this route, we believe EAS is warranted and that a survey with more reasonable rates should be conducted. Additionally, we have not required cost recovery in any docket for which traditional EAS has been ordered since the effective date of this rule. Therefore, we intend to waive Rule 25-4.062(4), Florida Administrative Code.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petitions for extended area service filed by the Munson subscribers are hereby granted to the extent outlined in the body of this Order. It is further

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

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

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

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

ORDERED that the effective date of our action described herein is the first working day following the date specified below, if no proper protest to this Proposed Agency Action is filed within the time frames set forth below. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission,
this 25th day of June, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

by: Kay Flynn

Chief, Bureau of Records

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

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 July 16, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date 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 the date described above, 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.