

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by OSCEOLA COUNTY BOARD	)	DOCKET NO. 900755-TL
OF COUNTY COMMISSIONERS for extended	)	
area service between Osceola and Orange	)	ORDER NO. 25450
Counties.	)	
	)	ISSUED: 12/9/91

The following Commissioners participated in the disposition of this matter:

- THOMAS M. BEARD, Chairman
- SUSAN F. CLARK
- J. TERRY DEASON
- BETTY EASLEY
- MICHAEL MCK. WILSON

ORDER DENYING IMPLEMENTATION OF EXTENDED AREA SERVICE  
AND  
NOTICE OF PROPOSED AGENCY ACTION  
ORDER REQUIRING IMPLEMENTATION OF ALTERNATIVE TOLL PLAN

BY THE COMMISSION:

I. BACKGROUND

This docket was initiated pursuant to a resolution filed with this Commission by the Osceola County Board of County Commissioners. The resolution requested we consider requiring implementation of extended area service (EAS) between Osceola County and Orange County. Osceola County contains the following exchanges or portions of exchanges: Kenansville; Kissimmee; Lake Buena Vista; St. Cloud; and West Kissimmee. Orange County is comprised of the following exchanges or portions of exchanges: Apopka; East Orange; Lake Buena Vista; Mount Dora; Orlando; Reedy Creek; Windermere; Winter Garden; and Winter Park.

By Order No. 23613, issued October 15, 1990, we directed Southern Bell Telephone and Telegraph Company (Southern Bell), United Telephone Company of Florida (United), and Vista-United Telecommunications (Vista-United) to perform traffic studies between these exchanges to determine whether a sufficient community of interest exists, pursuant to Rule 25-4.060, Florida Administrative Code. All of the exchanges involved in this EAS request are served by United, except the Orlando and East Orange exchanges, which are served by Southern Bell, and the Lake Buena Vista exchange, which is served by Vista-United. In addition to involving intercompany routes, this request also involves interLATA (local access transport area) routes. All of the affected exchanges are located in the Orlando LATA, except the Mount Dora exchange, which is located in the Gainesville LATA. The companies were to prepare and submit the traffic studies to us within sixty

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(60) days of the issuance of Order No. 23613, making the studies due by December 14, 1990.

On December 14, 1990, Southern Bell filed a Motion for Extension of Time, requesting an extension through and including January 14, 1991, in which to prepare and to submit the required traffic studies. As grounds for its request, Southern Bell cited the complexities inherent in the preparation of traffic studies where two exchanges share the same rate center code, as do the Kissimmee and West Kissimmee exchanges. When this situation exists, the data must be compiled and tabulated manually. By Order No. 23913, issued December 12, 1990, we granted Southern Bell the requested extension of time through January 14, 1991. Subsequently, the companies filed the required traffic studies.

In Order No. 24459, issued May 1, 1991, we examined the results of the traffic studies, finding only five routes qualifying for some form of toll relief: Kissimmee to Orlando; St. Cloud to Orlando; West Kissimmee to Orlando; Kenansville to Orlando; and Reedy Creek to Kissimmee. By Order No. 24459, we proposed denying toll relief for all of the other routes. We also proposed requiring United to survey its customers in the Kissimmee, St. Cloud, and West Kissimmee exchanges for nonoptional, flat rate, two-way calling between these three exchanges and the Orlando exchange under the 25/25 plan with regrouping. We deferred our decision on the appropriate form of toll relief for the other two routes. Additionally, we proposed waiving Rule 25-4.061, Florida Administrative Code, which would have required United and Southern Bell to conduct cost studies on these routes. No protest was filed to our proposed action, so Order No. 24459 became final on May 23, 1991, following expiration of the protest period.

By Order No. 25010, issued September 4, 1991, we proposed requiring United to implement a \$.25 message rate plan between Reedy Creek and Kissimmee. We also proposed requiring Southern Bell and United to implement the alternative toll plan known as Toll-Pac from Kenansville to Orlando (one-way only). Additionally, we proposed waiving Rule 25-4.061 for these two routes, as well. No protest was filed to our proposed action, so Order No. 25010 became final on September 26, 1991, following expiration of the protest period.

## II. SURVEY RESULTS

In accordance with the directive contained in Order No. 24459, United proceeded to survey its customers in the Kissimmee, St. Cloud, and West Kissimmee exchanges for EAS between these three

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exchanges and the Orlando exchange. The results of each of the three surveys are as follows:

KISSIMMEE

	<u>Number</u>	<u>Percent</u>
Ballots Mailed	33,555	100%
Ballots Returned	16,565	49%
Ballots Not Returned	16,990	51%
For EAS	8,139	24%
Against EAS	8,117	24%
Invalid or No Vote	309	1%
Ballots Needed to Pass	16,778	50% + 1 ballot

ST. CLOUD

	<u>Number</u>	<u>Percent</u>
Ballots Mailed	13,095	100%
Ballots Returned	6,052	46%
Ballots Not Returned	7,043	54%
For EAS	2,912	22%
Against EAS	3,039	23%
Invalid or No Vote	101	1%
Ballots Needed to Pass	6,549	50% + 1 ballot

WEST KISSIMMEE

	<u>Number</u>	<u>Percent</u>
Ballots Mailed	5,386	100%
Ballots Returned	2,403	44%
Ballots Not Returned	2,983	56%
For EAS	1,308	24%
Against EAS	1,046	19%
Invalid or No Vote	49	1%
Ballots Needed to Pass	2,694	50% + 1 ballot

In order for any of the surveys to pass, we required a margin of fifty percent (50%) plus one (1) favorable vote out of all subscribers surveyed in the exchange. As the tables above show, all of the surveys have failed. Therefore, we shall not require Southern Bell and United to implement the EAS plan contemplated by Order No. 24459.

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### III. ALTERNATIVE TOLL PLAN

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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

The three routes at issue in this Order all qualified for traditional EAS under our rules. However, surveys of the affected subscribers were taken and the surveys have failed. In cases where calling rates and community of interest considerations were not sufficient to warrant traditional EAS or where customer surveys have not passed, we have considered requiring various optional toll discount or message rate plans. The specific plan has generally been dependent upon the traffic volumes on the routes under consideration.

Since the time of the original decision in this docket, a new toll alternative plan has come into favor. In several recent dockets we have ordered an alternative to traditional EAS known as the \$.25 plan. This plan has gained favor for several reasons, including its simplicity, its message rate structure, and the fact that it can be implemented as a local calling plan on an interLATA basis. Optional EAS plans, particularly OEAS plans, are somewhat confusing to customers; the additives or buy-ins are generally rather high; and the take rates for most OEAS plans have been rather low.

In the past, we would most likely have proposed requiring United to implement its OEAS plan on these routes due to the calling volumes. United's OEAS plan has two options. The first option is a flat rate option which is available only to residential subscribers. The rate for this option is based both on the distance between rate centers of the involved exchanges and the number of access lines in the added exchanges. The rate for the premium flat rate option in this instance would be an additive of \$7.80 to the basic monthly charge (based on calling to the Orlando exchange which contains 286,000 access lines and lies in the 11-22 mileage band for all three originating exchanges). The second option offers a 50% toll discount for residential or business customers who choose to subscribe to this option. Under this option, subscribers are subject to a minimum usage of \$3.00 or \$6.00 respectively. Although the OEAS plan would seem to be an attractive plan, take rates have remained low, with many customers who would benefit from the plan failing to subscribe. Of additional concern is the fact that the OEAS plan is a one-way

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plan. Therefore, if an OEAS plan were ordered from Kissimmee, St. Cloud, and West Kissimmee to Orlando, Orlando subscribers would not benefit. Finally, an OEAS plan is already in effect on the West Kissimmee/Orlando route.

Upon consideration, we hereby propose requiring United and Southern Bell to implement the alternative toll plan known as the \$.25 plan on the following routes: between Kissimmee and Orlando; between St. Cloud and Orlando; and between West Kissimmee and Orlando. Calls between these exchanges shall be rated at \$.25 per call, regardless of call duration. These calls shall be furnished on a seven digit basis and shall be reclassified as local for all purposes. These calls shall be handled by pay telephone providers in the same way and at the same price to end users as any other local call. Customers may make an unlimited number of calls at \$.25 per call. Affected customers shall be provided with appropriate directory listings.

We believe that subscribers overall will be better off with a \$.25 message rate plan than an OEAS plan since more subscribers will benefit. Certain high volume users may be worse off with the \$.25 plan as opposed to OEAS, but such users will still be better off than under the present toll pricing scheme.

We recognize that there is an economic impact to United and Southern Bell as a result of our proposed calling plan. Based upon the traffic study data provided in this docket, the estimated annual revenue impact, without considering stimulation, is \$1,941,818 for United and \$1,208,292 for Southern Bell. It should be noted that these figures do not include any stimulation. Although stimulation levels can be difficult, even impossible to predict, if the number of calls on these routes were to little more than double, the projected revenue loss would be negated. Accordingly, we find it appropriate to waive Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs where the qualification for EAS is dependent upon calling levels and subscriber approval of the petitioning exchange, to the extent that this rule arguably applies in this scenario.

United and Southern Bell shall implement this calling plan within twelve (12) months of the date this Order becomes final. Finally, following implementation of the calling plan, United and Southern Bell shall file quarterly reports with our staff, broken down on a monthly basis. These reports shall include a detailed analysis of the distribution of calling usage among subscribers, over each route, segregated between business and residential users and combined, showing for each category the number of customers



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making zero (0) calls, one (1) call, et cetera, through twenty-five (25) calls, and in ten (10) call increments thereafter, to ninety-five (95) calls, and ninety-six (96) or more calls. These reports on usage shall be filed for three years following implementation. These usage reports shall also include a record of any customer contact, along with the reason for such contact, regarding the \$.25 calling plan.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the surveys required by Order No. 24459 have failed and that United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company shall not be required to implement the extended area service plan contemplated by Order No. 24459. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company shall, within twelve months of the date this Order becomes final, implement an alternative toll plan in accordance with the terms and conditions set forth in Section III of this Order. It is further

ORDERED that Rule 25-4.062(4), Florida Administrative Code, has been waived for the reasons discussed in the body of this Order. It is further

ORDERED that United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company shall file certain reports as set forth herein. It is further

ORDERED that our actions described in Section III of this Order shall become final and this docket shall be closed following expiration of the protest period specified below, if no proper protest to our proposed agency action is filed in accordance with the requirements set forth below.

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By ORDER of the Florida Public Service Commission this 9th  
day of DECEMBER, 1991.



STEVE TRIBBLE Director  
Division of Records and Reporting

( S E A L )

ABG

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.

As identified in the body of this order, our action proposing an alternative toll plan in Section III of this Order 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 12/30/91. In the absence of such a petition, this order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it

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satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of 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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance 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.