

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by St. Johns County Commissioners for extended area service between the Ponte Vedra and St. Augustine exchanges.)	DOCKET NO. 910763-TL
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In re: Petition of SOUTHERN TELEPHONE AND TELEGRAPH COMPANY for rate stabilization and implementation orders and other relief.)	DOCKET NO. 880069-TL
)	ORDER NO. PSC-92-0014-FOF-TL
)	ISSUED: 03/09/92

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
SUSAN F. CLARK
J. TERRY DEASON
BETTY EASLEY
LUIS J. LAUREDO

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

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

BACKGROUND

On July 5, 1991, the St. Johns County Board of Commissioners filed a resolution requesting implementation of EAS between the Ponte Vedra Beach and St. Augustine exchanges. Southern Bell Telephone and Telegraph Company (Southern Bell or the Company) serves both the Ponte Vedra and St. Augustine exchanges. Both exchanges are located in St. Johns County, in the Jacksonville LATA, and are 24 miles apart.

By Order No. 25060, issued September 13, 1991, we directed Southern Bell to perform traffic studies on the Ponte Vedra/St.

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FPSC-RECORDS/REPORTING

Augustine route to determine whether a sufficient community of interest exists, pursuant to Rule 25-4.060, Florida Administrative Code. Southern Bell was to prepare and submit the traffic study to us within sixty (60) days of the issuance date of Order No. 25060. On November 12, 1991, Southern Bell submitted its traffic study.

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

Ponte Vedra

R-1 \$ 9.80
B-1 \$26.60
PBX \$59.73

St. Augustine

R-1 \$ 8.40
B-1 \$22.90
PBX \$51.59

DISCUSSION OF ISSUES

Rule 25-4.060(2), Florida Administrative Code, requires a two-way calling rate of two (2) M/M/Ms or higher, with at least fifty percent (50%) of the exchange subscribers making one (1) or more calls per month. Alternately, a one-way calling rate of three (3) M/M/Ms or higher, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month is sufficient, if the petitioning exchange is less than half the size of the exchange to which EAS is sought. Based on the traffic study, the calling rates for the routes at issue are as follows:

<u>FROM/TO</u>	<u>CALLING RATE M/M/M</u>	<u>CUSTOMERS MAKING 2+ CALLS/MONTH</u>
Ponte Vedra/St. Augustine	1.29	16.50%
St. Augustine/Ponte Vedra	.40	4.48%

Since the routes did not exhibit calling rates that met the required levels, we shall deny any further consideration of nonoptional, flat rate, two-way EAS along the above route.

Upon consideration, we hereby propose requiring Southern Bell to implement the alternative toll plan known as the \$.25 plan between the Ponte Vedra and St. Augustine exchanges. 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.

In cases where calling rates and community of interest considerations were not sufficient to justify traditional EAS, we have considered various optional toll discount plans. The specific plan offered is generally dependent upon the traffic volumes on the routes under consideration. In cases where traffic volumes are extremely low, or where community of interest factors are insufficient, we have sometimes rejected any toll alternative whatsoever.

The \$.25 plan has gained favor for several reasons. Among them are 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 are rather low.

Our action in this docket is consistent with that we have taken in several countywide EAS dockets. The Ponte Vedra/St. Augustine route is an intracounty route. St. Augustine is the county seat of St. Johns county. Although Ponte Vedra's community of interest for shopping, entertainment and medical services is basically towards the Jacksonville and Jacksonville beach exchanges, the community of interest for county government and particularly secondary education is towards the St. Augustine exchange. In addition, there is a stronger community of interest between the residents in the southern portion of the Ponte Vedra Beach exchange, and the Vilano Beach and South Ponte Vedra Beach communities in the St. Augustine exchange.

Rule 25-4.062(4) provides that in the event that the qualification for extended area service relies on the calling interest of the petitioning exchange as well as subscriber approval of the plan, 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. Thus, Rule 25-4.062(4) requires that on any two-way plan, the subscribers in the petitioning exchange should bear the burden and the telephone company will recover the costs in whatever manner the Commission deems.

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However, in virtually every EAS docket for which cost information has been submitted, it has been shown that a full recovery of cost would result in unacceptably high rates to customers. Therefore, we have generally found it appropriate to waive Rule 25-4.062(4), and shall do so in this docket.

We recognize that there is an economic impact to Southern Bell as a result of our proposed calling plan. It has become clear that in instances where the \$.25 plan has been implemented there has been significant stimulation. We believe it is proper to recognize this stimulation in determining the actual revenue impact to Southern Bell. Thus, we find it appropriate to account for possible stimulation by calculating any revenue impact or associated costs after the plan has been implemented for six months. In Docket No. 880069-TL an annual sum of \$10 million was set aside for EAS. We have allowed Southern Bell to offset, against the \$10 million pool, the revenue impact of EAS plans since the monies were set aside. Therefore, in this docket the revenue impact to Southern Bell shall be offset against the EAS pool.

We also find it appropriate to waive Rule 25-4.061, Florida Administrative Code. Because the community of interest factors are sufficient to warrant implementation of an alternative to toll rates and the toll relief plan being authorized does not consider costs to set rates, we do not believe it is necessary to require Southern Bell to conduct cost studies on these routes.

Finally, Rule 25-4.040(2) provides that when expanded calling scopes are involved, each subscriber shall be provided with directory listings for all published telephone numbers within the local service area. We have generally interpreted this rule to mean that new, expanded directory listings be furnished to customers at the time the EAS is implemented. However, unlike traditional EAS, the \$.25 plan can generally be implemented quickly, as new facilities are rarely required. Rather than publishing special interim directories or distributing copies of existing directories, the companies have suggested waiting until the regularly scheduled publishing date for new directories.

We believe it is reasonable to wait until the regularly scheduled publishing date to produce and distribute new directories. This would avoid subjecting the Company, and subsequently the ratepayers, to additional directory expense.

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Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the resolution filed with this Commission by the Bradford County Board of County Commissioners is hereby approved to the extent outlined herein. It is further

ORDERED that the calling rates on the Ponte Vedra/ St. Augustine route do not qualify for nonoptional, flat rate, two-way toll free calling. It is further

ORDERED that Southern Bell Telephone and Telegraph Company shall implement an alternative \$.25 calling plan as set forth in the body of this Order. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, Southern Bell Telephone and Telegraph Company shall, within six months of the date of this Order becomes final, implement the alternative toll plan that complies with the terms and conditions set forth in the body of this Order. Southern Bell Telephone and Telegraph Company shall file tracking reports as directed. 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

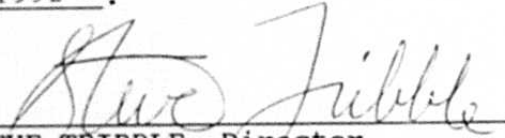
ORDERED that any revenue impact and associated costs of the \$.25 calling plan to Southern Bell Telephone and Telegraph Company shall be applied to the EAS monies set aside in Docket No. 880069-TL. It is further

ORDERED that our proposed action shall become final and Docket No. 910763-TL 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. It is further

ORDERED that Docket No. 880069-TL shall remain open.

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By ORDER of the Florida Public Service Commission, this 9th
day of MARCH, 1992.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

PAK

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 03/30/92.

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.

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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 wastewater 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.