

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for extended area) DOCKET NO. 911185-TL
service between all exchanges) ORDER NO. PSC-92-0982-FOF-TL
within Volusia County by Volusia) ISSUED: 09/11/92
County Council.)
_____)

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER REQUIRING SURVEY OF CUSTOMERS
FOR IMPLEMENTATION OF EXTENDED AREA
SERVICE AND REQUIRING IMPLEMENTATION
OF ALTERNATIVE TOLL RELIEF PLAN
AND
FINAL ORDER WITHDRAWING CONFIDENTIAL
TREATMENT OF CERTAIN TRAFFIC STUDY DATA

BY THE COMMISSION:

NOTICE IS HEREBY GIVEN by the Florida Public Service Commission that the action discussed in Section II 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.

I. BACKGROUND

This docket was initiated pursuant to Resolution No. 91-153A filed with this Commission by the County Council of Volusia County. The Resolution requested that we consider requiring implementation of extended area service (EAS) between all exchanges in Volusia County. Volusia County contains the following exchanges or portions of exchanges: Daytona Beach, Debary, Deland, DeLeon Springs, New Smyrna Beach, Oak Hill, Orange City, Pierson, and Sanford.

By Order No. 25675, issued February 3, 1992, we directed BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) and United Telephone Company of Florida (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.

DOCUMENT NUMBER-DATE

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FPSO-DOCKETING

All of the exchanges involved in this EAS request are served by Southern Bell, except the Orange City exchange, which is served by United.

In addition to involving intercompany routes, this request also involves interLATA (local access transport area) routes. The Daytona Beach, Deland, DeLeon Springs, New Smyrna Beach, Oak Hill, and Pierson exchanges are located in the Daytona Beach LATA, while the Orange City, Debary, and Sanford exchanges are located in the Orlando LATA. The companies were directed to prepare and submit the traffic studies to us within 60 days of the issuance date of Order No. 25675, making the studies due by April 3, 1992.

On February 26, 1992, Southern Bell filed a Motion for Extension of Time requesting an extension through and including May 4, 1992, in which to prepare and submit the required traffic studies. As grounds for its request, Southern Bell stated that the data processing needed would be very complicated and time consuming, since 59 routes are involved, a number of which require pocket studies. By Order No. PSC-92-0064-PCO-TL, issued March 16, 1992, we granted Southern Bell an extension of time until the close of business on May 4, 1992, in which to prepare and submit the required traffic studies.

On March 17, 1992, United filed a Motion for Extension of Time requesting an extension through and including May 4, 1992, in which to prepare and submit the required traffic studies. As grounds for its request, United stated that it had no record of having received Order No. 25675 and was unaware that traffic studies had been ordered until it received a copy of Southern Bell's Motion for Extension of Time. United then obtained a copy of Order No. 25675 on March 6, 1992. United asserted that it did not anticipate that its requested extension of time would delay the scheduled events in this docket. By Order No. PSC-92-0085-PCO-TL, issued March 23, 1992, we granted United an extension of time until the close of business on May 4, 1992, in which to prepare and submit the required traffic studies.

On May 1, 1992, Southern Bell filed a second Motion for Extension of Time requesting an extension through and including June 4, 1992, in which to prepare and submit the required traffic studies. As grounds for its request, Southern Bell stated that subsequent to receiving the extension of time described above, systematic difficulties arose that caused a further unanticipated delay in the filing of the traffic studies. Specifically, in

October of 1991, Southern Bell's Data Processing Center in Jacksonville, Florida (at which the traffic studies were to be run), was consolidated with several other processing centers to form a Regional Data Center in Miami, Florida. This consolidation involved changes in both the personnel responsible for processing the pertinent data, as well as systematic changes in the manner in which these data are processed. In April of 1992, when Southern Bell undertook the first traffic studies at this new Regional Center, it found that additional time would be needed because of all the changes that had occurred. These factors, combined with the complexity of the studies required in this docket, caused an even greater delay in data processing than first anticipated. By Order No. PSC-92-0471-PCO-TL, issued June 9, 1992, we granted Southern Bell a second extension of time until the close of business on June 4, 1992, in which to prepare and submit the required traffic studies.

Subsequently, both companies filed the required traffic study data, along with Requests for Specified Confidential Classification (Requests) of certain portions of the traffic study data. The Requests were not opposed by any party to this proceeding. Both companies requested specified confidential treatment of data which represents a quantification of traffic along certain routes. Southern Bell's Request involved both intraLATA and interLATA data, while United's Request involved only interLATA data. By Order No. PSC-92-0694-CFO-TL, issued July 22, 1992, we granted both Requests for a period of 18 months from the issuance date of the Order.

Each of the involved exchanges currently has EAS as follows:

EXCHANGE	ACCESS LINES	EAS LINES	EAS CALLING SCOPE
Daytona Beach	118,154	118,154	[Bunnell, Deland, Flagler Beach, New Smyrna Beach, Oak Hill, Palm Coast]

EXCHANGE	ACCESS LINES	EAS LINES	EAS CALLING SCOPE
Deland	22,676	63,549	Daytona Beach#, Debary, DeLeon Springs, [New Smyrna Beach, Oak Hill], Orange City, Pierson
DeLeon Springs	1,972	47,050	Daytona Beach#, Deland, Orange City, Pierson
New Smyrna Beach	27,718	29,514	[Daytona Beach, Deland], Oak Hill
Oak Hill	1,798	29,514	[Daytona Beach, Deland], New Smyrna Beach
Debary	16,499	97,287	Deland, Orange City, Sanford
Orange City	20,198	61,336	Debary, Deland, DeLeon Springs, Sanford*
Pierson	2,213	28,915	Crescent City, Daytona Beach#, Deland, DeLeon Springs
Sanford	37,923	248,044	Debary, Geneva, Orange City*, [Orlando], Oviedo, Winter Park

[] OEAS or EOES Plan in Effect

* \$.25 Plan in Effect

Toll-PAC Plan in Effect

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

Orange City (United)

R-1	\$ 7.95
B-1	18.65
PBX	37.35

DeLeon Springs, New Smyrna Beach,
Oak Hill, and Pierson (Southern Bell)

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

Daytona Beach, Deland, and Debarry
(Southern Bell)

R-1	\$ 8.80
B-1	23.85
PBX	53.68

Sanford (Southern Bell)

R-1	\$ 9.50
B-1	25.75
PBX	57.86

II. DISCUSSION

By Order No. 25675, the companies were directed to conduct traffic studies on the exchanges affected by the Resolution to determine if a sufficient community of interest existed pursuant to Rule 25-4.060. For these studies, we requested that the companies measure the messages per main and equivalent main station per month (M/M/M) and percentage of subscribers making one and two or more calls monthly to the exchanges for which EAS was proposed.

Both companies filed the requested traffic study data. Because both interLATA and intraLATA toll routes are deemed competitive, the actual results of the traffic studies were granted confidential treatment by Order No. PSC-92-0694-CFO-TL. We can report, however, that only one of the routes under consideration,

the New Smyrna Beach to Daytona Beach route, met the threshold of Rule 25-4.060(2). That Rule requires a two-way calling rate of two M/M/Ms or higher, with at least 50% of the exchange subscribers making one or more calls per month. Alternately, a one-way calling rate of three M/M/Ms or higher, with at least 50% of the exchange subscribers making two 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. Since none of the other routes exhibited calling rates that met these levels, we shall deny any further consideration of nonoptional, flat rate, two-way EAS along all of the other routes.

Accordingly, we find it appropriate to require Southern Bell to survey its New Smyrna Beach subscribers for nonoptional, flat rate, two-way calling between New Smyrna Beach and Daytona Beach under the 25/25 plan with regrouping. The rates at which the New Smyrna Beach customers shall be surveyed are as follows:

CUSTOMER CLASS	CURRENT RATE	25/25 ADDITIVE	REGROUPING ADDITIVE	NEW RATE
R-1	\$ 8.40	\$ 2.20	\$.75	\$11.35
B-1	22.90	5.96	2.00	30.86
PBX	51.59	13.42	4.40	69.41

With this calling plan, the New Smyrna Beach and Daytona Beach exchanges would receive toll free calling to and from each other. Rates for the Daytona Beach exchange shall not increase; therefore, the Daytona Beach subscribers are not included in the survey. Rates for the 25/25 plan with regrouping are derived by developing two additives. The 25/25 additive is 25% of the rate group schedule for the number of access lines to be added to the exchange's calling scope. The regrouping additive is the difference in rates between the exchange's original rate group and the new rate group into which the exchange will fall with its expanded calling scope.

We note that if the survey of the New Smyrna Beach subscribers passes, the Daytona Beach exchange would exceed its current rate group (Rate Group 5: 55,001 - 120,000 access lines). We do not believe it is appropriate to survey the Daytona Beach subscribers

nor do we find it appropriate to increase their rates at this time. The Daytona Beach exchange only needs 1,846 access lines before it regroups anyway. Pursuant to Rule 25-4.56, Florida Administrative Code, we find it appropriate that regrouping should not take place until the next directory date, which is scheduled for January, 1993.

The subscribers in the New Smyrna Beach exchange shall be surveyed by Southern Bell within 30 days of the date this Order becomes final. 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 in the New Smyrna Beach exchange, Southern Bell shall then implement toll free calling between New Smyrna Beach and Daytona Beach within 12 months of the issuance date of our order on survey approval. The existing OEAS plan between Daytona Beach and New Smyrna Beach shall be discontinued at the time EAS is implemented. By our requiring a simple majority, we are hereby waiving the 51% favorable vote requirement of Rule 25-4.063(5)(a), Florida Administrative Code.

In addition, we find it appropriate to require Southern Bell and United to implement the alternative toll relief plan known as the \$.25 plan on the following routes (between these exchanges): Daytona Beach and Debary*; Daytona Beach and Deland; Daytona Beach and DeLeon Springs; Daytona Beach and Oak Hill; Daytona Beach and Orange City*; Daytona Beach and Pierson; Daytona Beach and Sanford*; Debary and DeLeon Springs*; Debary and New Smyrna Beach*; Debary and Oak Hill*; Debary and Pierson*; Deland and New Smyrna Beach; Deland and Oak Hill; DeLeon Springs and New Smyrna Beach; DeLeon Springs and Oak Hill; DeLeon Springs and Sanford*; New Smyrna Beach and Orange City*; New Smyrna Beach and Pierson; New Smyrna Beach and Sanford*; Oak Hill and Orange City*; Oak Hill and Pierson; Oak Hill and Sanford*; Orange City and Pierson*; and Pierson and Sanford*. 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 where technically feasible 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. Pay telephone providers shall be charged the standard local measured usage rate for these calls. Customers may make an unlimited number of calls at \$.25 per call.

Because calls under the \$.25 plan are considered local for all purposes, affected customers shall be provided with appropriate directory listings. However, implementation of the \$.25 plan shall not be delayed nor shall special directories be required. Rather, these listings shall be furnished to affected customers at the next regularly scheduled directory publishing and distribution date. We believe this interpretation of Rule 25-4.040(2), Florida Administrative Code, is reasonable, particularly since basic local rates do not increase under the \$.25 plan as they do with traditional flat rate EAS.

The companies shall implement the \$.25 plan within six months of the date this Order becomes final. Southern Bell shall immediately begin seeking a waiver of the Modified Final Judgment to allow it to carry traffic on the interLATA routes (indicated by the asterisk (*) above). Terminating access charges shall not be paid or collected on routes where the \$.25 plan is implemented, since such routes are considered local. The companies shall file appropriate tracking reports with our staff following implementation of the \$.25 plan.

OEAS, EOEAS (with the exception of the premium option), and Toll-PAC shall be eliminated simultaneously with implementation of the \$.25 plan. The OEAS, EOEAS, and Toll-PAC routes are as follows: Daytona Beach to Deland; Daytona Beach to Oak Hill; Deland to Daytona Beach; Deland to New Smyrna Beach; Deland to Oak Hill; DeLeon Springs to Daytona Beach; New Smyrna Beach to Deland; Oak Hill to Daytona Beach; Oak Hill to Deland; and Pierson to Daytona Beach.

In reaching the decision to require the \$.25 plan, we considered those routes with one-way calling volumes which meet the Rule requirement, but with the percentage of customers making two or more calls below the threshold of the Rule. The remaining routes exhibit one-way calling volumes consistent with those in other dockets where we have ordered the \$.25 plan as an alternative to countywide EAS. With our proposed calling plan, all Volusia County subscribers will have local calling to each other.

In cases where calling rates and community of interest considerations were not sufficient to justify traditional EAS, we have considered various toll relief 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 alternative to toll rates whatsoever.

The \$.25 plan has gained favor for several reasons. Among these 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. We have also expressed our concern that when Toll-PAC is implemented, a three minute message will still have a substantial cost to the customer. For example, in the peak period, a three minute message from Deland to Daytona Beach would only be reduced from \$.42 to \$.30 and from Oak Hill to Pierson \$.57 to \$.40 (based on Southern Bell rates). However, a more important reason in this particular instance is that the \$.25 plan (which converts the traffic to local status, and is implemented on a seven-digit basis) is feasible for interLATA routes, whereas most other usage sensitive alternatives are feasible only for intraLATA routes.

For both the flat rate EAS and the \$.25 plan that we have proposed, we find it appropriate to waive Rule 25-4.061, Florida Administrative Code. Because the traffic studies reflect a sufficient community of interest and the toll relief plans being authorized do not consider costs to set rates, we do not believe it is necessary to require the companies to conduct cost studies on these routes.

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 high community of interest exhibited along the New Smyrna Beach to Daytona Beach 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) for this route.

We also find it appropriate to waive Rule 25-4.062(4) to the extent that this rule arguably applies to the \$.25 plan routes. We recognize that there is an economic impact to the companies as a result of our proposed \$.25 plan. However, if the \$.25 plan is compared with traditional EAS, it is clear that the impact of the \$.25 plan is not as great as flat rate EAS. In fact, the \$.25 plan offers the opportunity for additional revenue if there is sufficient stimulation. Although stimulation levels can be difficult to predict, initial reports concerning the \$.25 plan in other areas of the state show that the number of calls can increase dramatically. While the demographics of these areas may differ, we do believe that some stimulation is inevitable.

III. CONFIDENTIALITY

Both interLATA and intraLATA data are generally granted confidential treatment by this Commission because these toll routes are subject to competition. Section 364.183(3)(e), Florida Statutes, provides for confidential treatment of data which is of a competitive nature. By Order No. PSC-92-0694-CFO-TL, issued July 22, 1992, we held such data to be entitled to confidential treatment. However, with our instant decision regarding EAS and the \$.25 plan, traffic on these routes will become local. Since these routes will no longer be subject to competition, there is no longer a need to keep the traffic data for these routes confidential. Therefore, such traffic data shall no longer be entitled to confidential classification. As the confidentiality of the material depends upon its status as a toll or local route, the traffic data on the aforementioned routes shall remain confidential until the end of the protest period. If a timely protest is filed, the material shall become public only for routes which are ultimately determined to be entitled to EAS or the \$.25 plan.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Resolution No. 91-153A filed with this Commission by the County Council of Volusia County is hereby approved to the extent outlined herein. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company shall, within 30 days of the date this Order becomes final, survey its subscribers in the New Smyrna Beach exchange for implementation of a flat rate, two-

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way, nonoptional extended area service plan that complies with the terms and conditions set forth herein. It is further

ORDERED that if the survey passes, the flat rate, two-way, nonoptional extended area service plan described herein shall be implemented between the New Smyrna Beach exchange and the Daytona Beach exchange by BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company within 12 months of the issuance date of our order on survey approval. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company shall submit its survey letter and ballot to our staff for approval prior to their distribution. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company and United Telephone Company of Florida, shall, within six months of the date this Order becomes final, implement an alternative calling plan that complies with the terms and conditions set forth in the body of this Order. It is further

ORDERED that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company shall immediately begin seeking a waiver of the Modified Final Judgment as set forth herein. 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 BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company and United Telephone Company of Florida shall file certain reports as set forth herein. It is further

ORDERED that the effective date of our actions 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 frame set forth below. It is further

ORDERED that the traffic data which was granted specified confidential treatment by Order No. PSC-92-0694-CFO-TL shall no

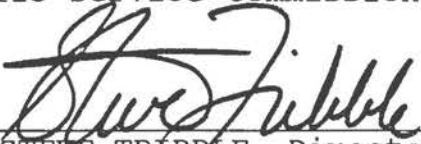
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longer be held confidential as of the date our proposed action in Section II of this Order becomes final. It is further

ORDERED that if there is a timely protest to Section II of this Order, the Commission's decision in Section III shall be held in abeyance. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission this 11th day of September, 1992.



STEVE TRIBBLE, Director
Division of Records and Reporting

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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.

As identified in the body of this order, our action in Section II 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 October 2, 1992. 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 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 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.

Any party adversely affected by the Commission's final action in Section III 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 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 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.