

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by subscribers) DOCKET NO. 920643-TL
of Madison County (Madison,) ORDER NO. PSC-92-1492-FOF-TL
Cherry Lake, Greenville, and Lee) ISSUED: 12/24/92
exchanges) for extended area)
service between Madison County)
and Leon County.)
_____)

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 REQUIRING SURVEY OF CUSTOMERS
FOR IMPLEMENTATION OF EXTENDED AREA
SERVICE AND REQUIRING IMPLEMENTATION
OF ALTERNATIVE RELIEF 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

This docket was initiated pursuant to petitions filed with this Commission by subscribers in Madison County. The petitions requested that we consider requiring implementation of extended area service (EAS) from Madison County to the Tallahassee exchange. Madison County contains the following exchanges: Cherry Lake, Greenville, Lee, and Madison.

By Order No. PSC-92-0823-PCO-TL, issued August 17, 1992, we directed Central Telephone Company of Florida (Centel or the Company) 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 Centel. Our traffic study order also included the Monticello exchange because

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it is located between Madison County and the Tallahassee exchange and it would be "leapfrogged" if calling were authorized as requested. Subsequently, Centel filed the requested traffic study data.

Each of the involved exchanges currently has EAS as follows:

<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>EAS LINES</u>	<u>EAS CALLING SCOPE</u>
Cherry Lake	1,109	6,291	Lee, Greenville, Madison
Greenville	1,056	6,291	Cherry Lake, Lee, Madison
Lee	798	6,291	Cherry Lake, Greenville, Madison
Madison	3,418	6,291	Cherry Lake, Greenville, Lee
Monticello	5,012	150,544	Tallahassee
Tallahassee	153,274	160,389	Crawfordville, Havana, Monticello, Panacea, St. Marks, Sopchoppy (Chattahoochee, Greensboro, and Quincy - 5 free calls per month; then \$.20 per call)

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

Cherry Lake, Greenville, Lee, and Madison

R-1	\$ 7.84
B-1	17.64
PBX	35.28

Monticello and Tallahassee

R-1	\$10.23
B-1	23.02
PBX	46.04

DISCUSSION

By Order No. PSC-92-0823-PCO-TL, the Company was directed to conduct traffic studies on the exchanges affected by the petitions to determine if a sufficient community of interest exists pursuant to Rule 25-4.060. For these studies, we requested that the Company measure the messages per access line per month (M/A/M) and percentage of subscribers making one (1) and two (2) or more calls monthly to the exchanges for which EAS was proposed.

The results of the traffic studies indicate that the one-way calling rates on the affected routes are as follows:

<u>ROUTE</u>	<u>M/A/M</u>	<u>CUSTOMERS MAKING TWO OR MORE CALLS</u>
Greenville to Tallahassee	5.88	52%
Madison to Tallahassee	3.91	40%
Lee to Tallahassee	2.44	32%
Cherry Lake to Tallahassee	1.98	27%
Greenville to Monticello	*6.00	**
Madison to Monticello	*1.20	**
Lee to Monticello	* .50	**
Cherry Lake to Monticello	* .70	**

*Obtained from Docket No. 920310-TL.

**Distribution Data not available.

Rule 25-4.060(2) requires a two-way calling rate of two (2) M/A/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/A/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. Only the Greenville to Tallahassee route fully meets the Rule

requirement. 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 Centel to survey its Greenville subscribers for nonoptional, flat rate, two-way calling between Greenville and Tallahassee under the 25/25 plan with regrouping. The rates at which the Greenville customers shall be surveyed are as follows:

<u>CUSTOMER CLASS</u>	<u>CURRENT RATE</u>	<u>25/25 ADDITIVE</u>	<u>REGROUPING ADDITIVE</u>	<u>NEW RATE</u>
R-1	\$ 7.40	\$ 2.42	\$ 2.25	\$12.07
B-1	16.65	5.44	5.10	27.19
PBX	33.30	10.88	10.20	54.38

Under this calling plan, the Greenville and Tallahassee exchanges would receive toll free calling to and from each other. In addition, the Monticello exchange lies between Greenville and Tallahassee. We have generally not allowed leapfrogging of exchanges when granting EAS. Customers in the Monticello exchange already have EAS to Tallahassee. Therefore, calling to and from the Monticello exchange shall be included in the survey of Greenville subscribers for EAS to Tallahassee. Rates for the Tallahassee and Monticello exchanges would not increase; therefore, the Tallahassee and Monticello 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 twenty-five percent (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.

The subscribers in the Greenville exchange shall be surveyed by Centel within thirty (30) days of the date this Order becomes final. Prior to conducting the survey, Centel shall submit its explanatory survey letter, ballot, and proposed newspaper advertisement to our staff for approval.

If the survey of the Greenville customers passes, Centel shall then implement toll free calling between Greenville and Tallahassee

and Greenville and Monticello within twelve (12) months of the issuance date of our order on survey approval. The survey shall be conducted in accordance with Rule 25-4.063, Florida Administrative Code.

In addition, we find it appropriate to require Centel to implement the alternative toll relief plan known as the \$.25 plan between Madison and Tallahassee and Madison and Monticello. 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.

The Company shall implement the \$.25 plan within six (6) months of the date this Order becomes final. The Company shall file appropriate tracking reports with our staff following implementation of the \$.25 plan.

In reaching the decision to require the \$.25 plan, we considered those routes with calling volumes that were higher than average, but below the threshold of the Rule. The calling rates on the remaining routes in this docket are relatively small. 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 these are its simplicity, its message rate structure, and the fact that it can be implemented as a local calling plan. 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. We note that our action in this docket is consistent with that taken in other recent EAS dockets involving rural areas.

Finally, to estimate the revenue impact of our proposed \$.25 plan routes, we developed a model, using 74 existing EAS routes, to predict new calling rates based on the old calling rate and the percent change in price. Using this model, we estimate overall stimulation of 63.13% and an associated annual revenue loss of \$88,659.91. Absent such stimulation, the annual revenue loss would be \$130,471.91.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petitions filed with this Commission by subscribers in Madison County are 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, Central Telephone Company of Florida shall, within thirty (30) days of the date this Order becomes final, survey its subscribers in the Greenville 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 if the survey passes, the flat rate, two-way, nonoptional extended area service plan described herein shall be implemented on the Greenville to Monticello and Tallahassee routes by Central Telephone Company of Florida within twelve months of the issuance date of our order on survey approval. It is further

ORDERED that Central Telephone Company of Florida shall submit its survey letter, ballot, and proposed newspaper advertisement 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, Central Telephone Company of Florida, shall, within six months of the date of this Order becomes final, implement an alternative toll relief plan that complies with the terms and conditions set forth in the body of this Order. It is further

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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 this docket shall remain open.

By ORDER of the Florida Public Service Commission this 24th day of December, 1992.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

by: Kay Ferguson
Chief, Bureau of Records

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 January 14, 1993.

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.

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.