

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by residents of)	DOCKET NO. 880792-TL
Wildwood for extended area service)	
between Wildwood exchange and)	ORDER NO. 20836
Leesburg exchange.)	
<hr/>		ISSUED: 3-1-89

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTIONORDER REQUIRING IMPLEMENTATION OF OPTIONAL
 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 adversely affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

Background

This docket was initiated in June of 1988, by a Petition filed with this Commission by the Residential Ladies Club of Continental County Club and other Wildwood Citizens, pursuant to Rule 25-4.059(1)(a), Florida Administrative Code. The Petition requested that we consider the feasibility of implementing Extended Area Service (EAS) between the Wildwood exchange located in Sumter County, and the Leesburg exchange located in Lake County. Both exchanges are served by United Telephone Company of Florida (United), which is subject to our regulation pursuant to Chapter 364, Florida Statutes.

Order No. 19607 directed United to conduct traffic studies on the route to determine if a community of interest existed sufficient to warrant the implementation of OEAS, pursuant to Rule 25-4.060(2)(a), Florida Administrative Code. The rule provides:

"(a) On any given route between two exchanges, when the petitioning exchange has less than half the number of main and equivalent main stations as the large exchange, studies of one-way traffic originating in the smaller exchange may be used, in which case the community of interest qualification will require a calling rate of three (3) or more M/M/M with at least fifty (50%) percent of the exchange subscribers making two (2) or more calls per month."

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The results of the traffic study reveal that the one-way calling rates, including foreign exchange lines, on the Wildwood/Leesburg route are as follows:

<u>Route</u>	<u>M/M/Ms</u>	<u>% of Customers Making 2 or More Calls</u>
Wildwood to Leesburg	9.81	63%
Leesburg to Wildwood	1.61	15%

Therefore, only the Wildwood to Leesburg route qualifies for further consideration of the implementation of EAS.

Currently, both the Wildwood to Leesburg route and the Leesburg to Wildwood route are being offered the toll alternative known as Toll-Pac. Toll-Pac provides a 30% discount off toll rates after an initial buy-in cost to the subscriber. Toll-Pac has not been successful on the Wildwood to Leesburg route. At present, only 75 residential customers and 12 business customers subscribe to Toll-Pac on the Wildwood to Leesburg route. Due to the extremely low take-rate, we are hesitant to direct that a survey be conducted to determine whether there would be enough interest to implement a nonoptional toll plan. Based on the information before us, and our experience in prior EAS cases, it appears that such a survey would be unsuccessful. Therefore, upon consideration, we propose to direct United to implement the optional toll plan on this route known as the Optional Extended Area Service plan (OEAS).

We believe this optional toll plan will successfully meet the calling needs of the Wildwood exchange and will provide flexibility to those subscribers seeking relief from toll rates. Additionally, because of the optional nature of OEAS, all customers in the exchange will not be required to support the calling habits of a few customers. Accordingly, if no protest to our action herein is filed, United shall implement OEAS, as outlined more fully below, on the Wildwood to Leesburg route. The calling rate on the Leesburg to Wildwood route does not qualify for an alternative to Toll-Pac rates, therefore, Toll-Pac will continue to be the only toll alternative available on this route.

OEAS

OEAS was originally developed by Southern Bell Telephone and Telegraph Company (Southern Bell) in Docket No. 880069-TL. Southern Bell's OEAS plan allows residential customers to select the following options: (1) remain with current service, (2) subscribe to a flat rate option, (3) choose a discounted toll option, (4) choose a dropback option thereby eliminating some of a customer's toll free calling area, or (5) choose an incoming calling option to allow another exchange toll-free calling to the customer. Business customers may choose any option, but Option 2. Generally, we have ordered that all five options be offered with the implementation of OEAS. However, in recent dockets, when the exchange involved has been served by United, we have not required the company to offer Options 4 and 5. We have eliminated Options 4 and 5 due to the concerns

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United expressed in Docket No. 870436-TL. According to United, implementation of only Options 1, 2, and 3 would effectively eliminate the switching and trunking problems associated with implementing Options 4 and 5. Additionally, elimination of Options 4 and 5 significantly reduces the implementation time from the twelve months United estimates it would take to implement Options 1 through 5, to one hundred and twenty days the Company estimates for implementation of only Options 1 through 3. Therefore, until we have evaluated customer take-rates for Options 4 and 5 in other dockets, we will not order United to implement these options on the Wildwood/Leesburg route.

United is directed to have approved tariffs in place to implement Options 1 through 3 of the OEAS plan within one hundred and twenty days from the date this Order becomes final. The tariffs are to reflect the following rate structure.

	<u>OPTION 1</u> (Current Rate)	<u>OPTION 2</u> (Flat Rate)	<u>OPTION 3*</u> (50% Discounted Toll)
<u>Wildwood To Leesburg</u>			
R1	\$ 5.39	\$ 6.00	\$ 3.00
B1	12.69	N/A	6.00
PBX	25.84	N/A	12.00

*Customers subscribing to Option 3 will pay 50% of current toll rates to which this monthly minimum charge will apply.

We recognize that providing options to customers who seek relief from toll rates requires comprehensive notification to ensure success. Therefore, United shall mail a letter and ballot to each customer in the Wildwood exchange; this mailing shall be separate from the customer's bill. The letter shall explain the OEAS plan and instruct the customer to indicate his choice on the ballot and return it to the company. The ballot shall inform the customer that there is no secondary service order charge for initial subscription and that he may switch options free of charge within the six-month period subsequent to initial subscription. Any customer who fails to return the ballot shall retain existing toll service. United shall submit the letter and ballot to this Commission for approval prior to customer mailing.

Inssofar as this modified version of OEAS is unique, there is as yet no data to support its feasibility. Therefore, to determine the level of customers' acceptance, as well as the impact on the company due to implementation, United shall monitor the first six months after implementation and file a follow-up report within two months thereafter. The report shall contain the following information:

1. Trunking and central office requirements before and after implementation of the OEAS plan;

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2. Trunking and central office equipment that would have been required as a result of normal growth (without EAS);
3. The cost of any additional trunking and central office equipment necessary as a result of the implementation of the OEAS plan;
4. The estimated and actual take rates for each option under the OEAS plan, by customer class;
5. The revenues received by option, from implementation of the plan; and
6. A record of any customer contact regarding 1+ dialing for the flat rate Option 2.

After United has implemented OEAS on the Wildwood/Leesburg route it shall delete the Toll-Pac offering on this route from its tariff. Additionally, it shall notify any existing Toll-Pac customers that they are being transferred to Option 3. Of course, any transferred residential Toll-Pac customer will also be allowed to select Option 2.

We believe the transfer is appropriate in view of the rates for each toll plan. When the minimum Option 3 rates are compared with the minimum Toll-Pac rates, there is a reduction in the residential rate from \$3.25 to \$3.00. The business rate increases slightly, from \$5.85 for Toll-Pac to \$6.00 for Option 3. However, the discount for calls increases from 30% with Toll-Pac to 50% with the OEAS plan. Accordingly, any existing Toll-Pac subscribers shall be notified of this transfer to Option 3 after the OEAS plan has been implemented.

Therefore, based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition filed by the Residential Ladies Club of Continental County Club and other Wildwood Citizens is hereby approved in part and denied in part to the extent outlined in the body of this Order. It is further

ORDERED that United Telephone Company of Florida shall offer the Optional Extended Area Service Plan on the Wildwood to Leesburg route as set forth in the body of this Order. It is further

ORDERED that this Order shall be final and effective if no protest to this Proposed Agency Action is filed within the timeframe set forth below. It is further

ORDERED that this docket shall remain open.

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By ORDER of the Florida Public Service Commission
this 1st day of March, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DWS

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 March 22, 1989. In the absence of such a petition, this order shall become effective March 23, 1989, 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 March 23, 1989, 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.