

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

| | | |
|--|---|----------------------|
| In re: Resolution by CITY OF LABELLE |) | DOCKET NO. 881260-TL |
| for extended area service from Labelle to) |) | ORDER NO. 20882 |
| Lehigh Acres and Ft. Myers |) | ISSUED: 3-13-89 |
| |) | |

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 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 substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This docket was initiated by a Resolution filed with this Commission by the LaBelle City Council in September of 1988. The Resolution requested that we consider the implementation of extended area service (EAS) from the LaBelle exchange to the Ft. Myers and Lehigh Acres exchanges. These exchanges are served by United Telephone Company of Florida (United), which is subject to our regulation, pursuant to Chapter 364, Florida Statutes.

Ft. Myers is the regional shopping area for a large part of southwest Florida and attracts many people from the smaller, outlying communities because of the larger selection and availability of merchandise there. Additionally, some people in western Hendry County commute to Edison Community College or the University of South Florida, although this number is relatively small.

Lehigh Acres was originally planned as a retirement community when started by the Lehigh Corporation in 1954. Recent trends have been towards a younger population in Lehigh Acres, where there is affordable housing and an improved road network.

The LaBelle exchange area includes the communities of The Villages of Port LaBelle, Ortona, Felda, and Palmdale. The Lykes Brothers Fisheating Creek Wildlife Management Area covers approximately 250 square miles of the exchange. The local economy centers around cattle ranching and citrus production, with two juice concentrate plants and seven citrus producers

DOCUMENT NUMBER-DATE

02611 MAR 13 1989

FPSC-RECORDS/REPORTING

ORDER NO. 20882
 DOCKET NO. 881260-TL
 PAGE 2

in operation. LaBelle has a large influx of retired winter residents who arrive during November and stay through April. Healthy population growth is expected to continue in LaBelle.

The only change in surface transportation between the communities is the four-laning for State Road 80 between downtown Ft. Myers and U.S. Highway 27 in Hendry County. This project is scheduled to be completed during the 1995-2000 timeframe.

Each of the involved exchanges currently has EAS as follows:

| <u>Exchange</u> | <u>Access Lines*</u> | <u>EAS Calling Scope</u> |
|-----------------|----------------------|---|
| LaBelle | 4,942 | None |
| Lehigh Acres | 9,670 | Ft. Myers |
| Ft. Myers | 86,961 | Cape Coral, Ft. Myers Beach, Lehigh Acres, North Cape Coral, North Ft. Myers, Pine Island, and Sanibel-Captiva Islands |

*Current access lines without EAS calling scope as of 8/88.

DISCUSSION

By Order No. 20302, issued on November 10, 1988, United was 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, Florida Administrative Code. In that study, we requested that United measure the messages per main and equivalent main station per month (M/M/M) and percentage of subscribers making two (2) or more calls monthly to the exchanges for which EAS was proposed.

The traffic studies indicate that the one-way calling rates, including foreign exchange service (FX), are as follows:

| <u>ROUTE</u> | <u>M/M/M</u> | <u>% OF CUSTOMERS MAKING 2 OR MORE CALLS</u> |
|-------------------------|--------------|--|
| LaBelle to Ft. Myers | 6.24 | 55% |
| LaBelle to Lehigh Acres | 1.08 | 15% |
| Lehigh Acres to LaBelle | 0.63 | 6% |
| Ft. Myers to LaBelle | 0.35 | 4% |

Rule 25-4.060(2)(a), Florida Administrative Code, provides that the calling rate be three (3) or more M/M/Ms, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month to indicate a sufficient community of interest to warrant EAS. Only the traffic on the LaBelle to Ft. Myers route qualifies for implementation of an alternative to toll at this time. Accordingly, we intend to direct United to implement a modification of Southern Bell Telephone and Telegraph Company's (Southern Bell's) Optional Extended Area Service (OEAS) plan, as detailed below, on the LaBelle to Ft. Myers route.

ORDER NO. 20882
 DOCKET NO. 881260-TL
 PAGE 3

OEAS

Since April, 1988, we have ordered that the OEAS plan be implemented on numerous routes. Southern Bell's OEAS plan gives residential customers several options: Option 1 - keep current service, Option 2 - subscribe to a flat rate option, Option 3 - choose a discounted toll option, Option 4 - choose a dropback option eliminating some of the customers' toll free calling area, or Option 5 - choose an incoming call option to allow another exchange toll-free calling to the customer. Business customers may choose all options except Option 2.

Traditionally, we have ordered that all five options be offered with the implementation of OEAS. However, due to concerns voiced by United, we ordered the company to implement a modified version of the OEAS plan in several recent EAS dockets (Docket Nos. 871259-TL, 880214-TL, 880521-TL, and 880792-TL). Under this modified plan, United is not required to offer Options 4 and 5. Accordingly, we will not require United to offer Options 4 and 5 on the route affected in this Docket. Instead, we propose that United be required to implement Options 1, 2, and 3 on the LaBelle to Ft. Myers route. The company shall have approved tariffs on file to implement OEAS on this route no later than one hundred and twenty (120) days from the date of issuance of the consummating order in this Docket. United's tariffs are to reflect the rate schedule outlined below.

OEAS PLAN
LABELLE TO FT. MYERS

| | <u>Option 1</u> <u>(Current Rate)</u> | <u>Option 2</u> <u>(Flat Rate)</u> | <u>Option 3*</u> <u>(Discounted Toll)</u> |
|-----|--|---------------------------------------|--|
| RI | \$ 4.92 | \$12.02 | \$ 5.00 |
| B1 | 11.63 | N/A | 10.00 |
| PBX | 23.72 | N/A | 20.00 |

*50% off current toll rates with above monthly minimums.

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 LaBelle exchange. This mailing shall be separate from the customer's bill. The letter shall explain the OEAS plan and instruct the customer to indicate their choice on the ballot and return it to the company. The ballot shall inform the customer that, within the six-month period from the date the OEAS plan is first offered, there is no secondary service order charge for initial subscription and that a customer may change options free of charge once during that period. 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.

Insofar as this is still a relatively new EAS plan, we have no historical data to support its feasibility. Therefore, to determine the level of customer acceptance, as well as to monitor the impact on the company due to implementation, United

ORDER NO. 20882
DOCKET NO. 881260-TL
PAGE 4

shall file a follow-up report with this Commission within eight months after implementation of the plan. This report shall cover the first six months of implementation and shall contain the following information:

1. Trunking and central office requirements before and after implementation of the OEAS plan;
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 revenue received, by option, from the implementation of the plan;
5. The estimated and actual take rates for each option under the OEAS plan, by customer class; and
6. A record of any customer contact regarding 1+ dialing for the flat rate Option 2.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Resolution filed by the LaBelle City Council 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 an Optional Extended Area Service Plan which satisfies the terms of this Order. It is further

ORDERED that the effective date of our action described herein is April 4, 1989, if no protest to this Proposed Agency Action is filed within the time-frames set forth below. It is further

ORDERED that if no protest is filed within the time-frames set forth below, this docket will remain open pending receipt of the follow-up report to be submitted by United Telephone Company of Florida after the implementation of OEAS.

By ORDER of the Florida Public Service Commission
this 13th day of MARCH, 1989.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

by: Kay. Flynn
Chief, Bureau of Records

ORDER NO. 20882
DOCKET NO. 881260-TL
PAGE 5

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 April 3, 1989. In the absence of such a petition, this order shall become effective April 4, 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 April 4, 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.