

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request by the OSCEOLA COUNTY	)	DOCKET NO. 900755-TL
BOARD OF COUNTY COMMISSIONERS for	)	
extended area service between Osceola	)	ORDER NO. 24459
and Orange Counties	)	
	)	ISSUED: 5/1/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman  
 J. TERRY DEASON  
 BETTY EASLEY  
 GERALD L. GUNTER  
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION  
ORDER REQUIRING SURVEY OF CUSTOMERS FOR  
IMPLEMENTATION OF 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 pursuant to a resolution filed with this Commission by the Osceola County Board of County Commissioners. The resolution requested we consider requiring implementation of extended area service (EAS) between Osceola County and Orange County. Osceola County contains the following exchanges or portions of exchanges: Kenansville; Kissimmee; Lake Buena Vista; St. Cloud; and West Kissimmee. Orange County is comprised of the following exchanges or portions of exchanges: Apopka; East Orange; Lake Buena Vista; Mount Dora; Orlando; Reedy Creek; Windermere; Winter Garden; and Winter Park.

By Order No. 23613, issued October 15, 1990, we directed Southern Bell Telephone and Telegraph Company (Southern Bell), United Telephone Company of Florida (United), and Vista-United Telecommunications (Vista-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. All of the exchanges involved in this EAS

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request are served by United, except the Orlando and East Orange exchanges, which are served by Southern Bell, and the Lake Buena Vista exchange, which is served by Vista-United. In addition to involving intercompany routes, this request also involves interLATA (local access transport area) routes. All of the affected exchanges are located in the Orlando LATA, except the Mount Dora exchange, which is located in the Gainesville LATA. The companies were to prepare and submit the traffic studies to us within sixty (60) days of the issuance of Order No. 23613, making the studies due by December 14, 1990.

On December 14, 1990, Southern Bell filed a Motion for Extension of Time, requesting an extension through and including January 14, 1991, in which to prepare and to submit the required traffic studies. As grounds for its request, Southern Bell cited the complexities inherent in the preparation of traffic studies where two exchanges share the same rate center code, as do the Kissimmee and West Kissimmee exchanges. When this situation exists, the data must be compiled and tabulated manually. By Order No. 23913, issued December 21, 1990, we granted Southern Bell the requested extension of time through January 14, 1991. Subsequently, the companies filed the required traffic studies.

Each of the involved exchanges currently has EAS as follows:

<u>Exchange</u>	<u>Access Lines</u>	<u>EAS Calling Scope</u>
Kenansville	575	Kissimmee, St. Cloud, West Kissimmee
Kissimmee	36,920	Kenansville, St. Cloud, Haines City (427), West Kissimmee
Lake Buena Vista	6,549	Apopka, East Orange, Monteverde, Orlando, Reedy Creek, Windermere, Winter Garden, Winter Park
St. Cloud	13,556	Kenansville, Kissimmee, West Kissimmee
West Kissimmee	6,861	Haines City (427), Kenansville, Kissimmee, Reedy Creek, St. Cloud, Orlando (optional)

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<u>Exchange</u>	<u>Access Lines</u>	<u>EAS Calling Scope</u>
Apopka	22,283	East Orange, Lake Buena Vista, Monteverde, Orlando, Reedy Creek, Windermere, Winter Garden, Winter Park
East Orange	3,923	Apopka, Lake Buena Vista, Monteverde, Orlando, Oviedo, Reedy Creek, Windermere, Winter Garden, Winter Park
Mount Dora	10,061	Astor, Clermont, Eustis, Groveland, Howey-in-the-Hills, Lady Lake, Leesburg, Monteverde, Tavares, Umatilla
Orlando	286,579	Apopka, East Orange, Lake Buena Vista, Monteverde, Oviedo, Reedy Creek, West Kissimmee (optional), Windermere, Winter Garden, Winter Park
Reedy Creek	5,963	Apopka, East Orange, Lake Buena Vista, Monteverde, Orlando, Windermere, West Kissimmee, Winter Garden, Winter Park
Windermere	4,600	Apopka, East Orange, Lake Buena Vista, Monteverde, Orlando, Reedy Creek, Winter Garden, Winter Park
Winter Garden	14,042	Apopka, East Orange, Lake Buena Vista, Monteverde, Orlando, Reedy Creek, Windermere, Winter Park
Winter Park	168,116	Apopka, East Orange, Geneva, Lake Buena Vista, Monteverde, Orlando, Oviedo, Reedy Creek, Sanford, Windermere, Winter Garden

The demographics of the areas involved in this EAS request are described below.

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## DEMOGRAPHICS

### Osceola County

Osceola County is located in the southeast portion of Central Florida. United's service area in Osceola County includes the exchanges of Kenansville, Kissimmee, St. Cloud and West Kissimmee. The Florida Turnpike and U.S. Highway 441 run north and south through all but the West Kissimmee exchange. The county seat for Osceola County is in the Kissimmee exchange.

### Kenansville Exchange

The Kenansville exchange covers approximately 486 square miles in the southern portion of Osceola County. Growth in this exchange is minimal due to its isolation and lack of a road system. The Florida Turnpike crosses the exchange from northwest to southeast, while U.S. Highway 441 traverses the eastern portion of the exchange from north to south. Highway 60 crosses east to west. The entire exchange economy is based on agriculture, with cattle ranches covering a large portion of the exchange. Kenansville subscribers can call schools and their county seat toll-free. The community of interest is limited to Osceola County.

### Kissimmee Exchange

The Kissimmee exchange is located in the northwestern portion of Osceola County, which is one of the fastest growing counties in the State of Florida. Osceola County's population grew nearly 48% from 1982 to 1987, almost three times the statewide rate.

While the Kissimmee area still supports agricultural activities that have contributed to the stable economic base of the area's past, Kissimmee's unique heritage is being blended with Walt Disney World, EPCOT and other tourist-oriented developments. Tourism is the largest single, non-agricultural industry in the Kissimmee exchange. Disney World alone employs over 10,000 people and is located approximately 8 miles to the west of Kissimmee. Additionally, the Tupperware Headquarters, located in the northern portion of the exchange along U.S. 17-92, also provides a substantial job base.

The majority of the multi-family development is located in the northwest corner of the exchange. The City of Kissimmee and

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Osceola County have anticipated this growth area and have an aggressive transportation improvement program. Currently, the Airport Road/Carrol Street connector and the Thacker Avenue extension are near completion. These road additions will open up a large parcel of land known as the Bronson Ranch to development.

Plenty of land, a minimum of government regulation and no county impact fees, combined with business and industrial expansion and the growth at nearby tourist attractions, add up to a strong economic growth pattern for the Kissimmee area over the next several years.

An aggressive county road building plan provides easy access to the tourist attractions and to Orlando. Although the exchange enjoys varied shopping and entertainment opportunities, Kissimmee subscribers have a community of interest with Orlando for major purchases and professional entertainment.

#### St. Cloud Exchange

The St. Cloud exchange area is primarily ranch lands with the majority of the growth taking place in the northwest portion of the exchange. This area is mostly rural in nature and contains the majority of the customer base. The growth taking place within the St. Cloud exchange is largely due to the overflow of people from surrounding areas as well as the influx of retirees looking for quiet, low cost living. This had a major impact on residential and commercial development and has generated a greater need for service-related businesses.

The City of St. Cloud is the core of the business district and is the second largest city in Osceola County. City officials have plans to retain the small town atmosphere of the downtown area by creating a historical district and providing incentives to land owners who will restore and rejuvenate existing buildings. The City officials believe that this restoration will entice new businesses into the downtown area and improve its economic base. Additionally, the City is in the process of improving the streets within this area.

In the eastern portion of the exchange lies the 300,000 acre Deseret Ranch, owned by the Church of Jesus Christ of Latter-Day Saints. The ranch is ten times the size of Walt Disney World, with most of it lying in Osceola County.



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The Department of Transportation (DOT) has two long-range road projects which will impact the St. Cloud exchange as well as the Deseret Ranch. The first is the Pineda Extension, which would connect the Pineda Causeway in Melbourne to the southern leg of the Orlando Beltway. The second would be widening U.S. 192 along the southern border of the Deseret Ranch. Both projects are included in the DOT's 20-year construction plan.

Kissimmee and Orlando are the only substantial communities of interest outside of the St. Cloud exchange area. EAS is already in place between Kissimmee and St. Cloud.

#### West Kissimmee Exchange

West Kissimmee serves a fairly even mix of the residential and business market, with 43% of the access lines being business-related. The exchange is heavily impacted by the Disney World/EPCOT attractions and the influx of tourists that are drawn there. Tourism will continue to be the key to growth in this exchange. The hotel/motel industry is a major market force within this exchange. The area is also host to several timeshare resorts, due to their proximity to the Disney World park.

As Disney continues to create new attractions, other developers in surrounding areas will be doing the same. Present development plans include an oriental cultural center, a four arena equestrian park, a Japanese culture center and a quarter horse racetrack.

To cope with the influx of people coming into the area, several major road projects are either under construction or in the planning stages. Interstate 4, U.S. Highway 192 and Highway 535 currently provide easy access to and from Orlando and the major tourist attractions.

Residential growth in West Kissimmee will continue to escalate providing relief to saturated areas in Orange and Seminole Counties. Commercial and retail development will continue along S.R. 535 and U.S. 192 due to easy access to Interstate 4 and the strong tourist attractions.

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S.R. 535 and U.S. 192 due to easy access to Interstate 4 and the strong tourism climate within Central Florida.

The West Kissimmee exchange currently has EAS with all of Osceola County, a portion of the Haines City exchange in Polk County and the Reedy Creek exchange in Orange County. In 1989, the Commission authorized an Optional Extended Area Service (OEAS) route between the West Kissimmee and Orlando exchanges. OEAS was established as the result of a petition by West Kissimmee residents for EAS to Lake Buena Vista and Orlando.

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

BASIC LOCAL RATES

Kenansville, Kissimmee, Mount Dora,  
 St. Cloud, and West Kissimmee (United)

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

Lake Buena Vista (Vista-United)

R-1	\$ 7.20
B-1	17.65
PBX	29.25

East Orange and Orlando (Southern Bell)

R-1	\$10.30
B-1	28.00
PBX	62.81

Apopka, Reedy Creek, Windermere,  
 Winter Garden, and Winter Park (United)

R-1	\$10.20
B-1	23.95
PBX	47.90

DISCUSSION

By Order No. 23613, Southern Bell, United, and Vista-United 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 two (2) or more calls monthly to the exchanges for which EAS was proposed.

The results of the traffic studies indicate that the calling rates on the routes qualifying for some form of toll relief are as follows:

<u>Route</u>	<u>M/M/M</u>	<u>Customers Making 2 or More Calls</u>
Kissimmee to Orlando	9.90	62%
St. Cloud to Orlando	6.65	51%
West Kissimmee to Orlando	8.79	46%
Kenansville to Orlando	2.29	26%
Reedy Creek to Kissimmee	2.96	31%

Rule 25-4.060(2)(a) requires a minimum of 3.00 M/M/Ms, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month, to qualify for nonoptional EAS. Only the five (5) routes shown above either met or came close to meeting the Rule requirement. All of the other routes studied fell far below the minimum threshold of the Rule.

We find that nonoptional, flat rate, two-way calling is appropriate for three of the above routes: Kissimmee to Orlando; St. Cloud to Orlando; and West Kissimmee to Orlando. The calling volumes on the first two of these routes clearly exceed the Rule requirements. Although the calling volume on the third route does not technically meet the Rule requirement for percentage of customers making two or more calls per month, we find that the



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M/M/Ms are so substantial that they establish a definite community of interest, sufficient to warrant a survey for traditional EAS.

Accordingly, United shall survey its Kissimmee, St. Cloud, and West Kissimmee subscribers for nonoptional, flat rate, two-way calling between these exchanges and the Orlando exchange under the 25/25 plan with regrouping. Each exchange shall be surveyed separately. The rates at which the customers in each exchange 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	\$ 7.95	\$ 2.36	\$1.50	\$11.81
B-1	18.65	5.55	3.55	27.75
PBX	37.35	11.10	7.05	55.50

Under this calling plan, the Kissimmee, St. Cloud, West Kissimmee, and Orlando exchanges would receive toll free calling to and from each other. Rates for the Orlando exchange would not increase; therefore, the Orlando 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 Kissimmee, St. Cloud, and West Kissimmee exchanges shall be surveyed by United within thirty (30) days of the date this Order becomes final. Prior to conducting the survey, United shall submit its explanatory survey letter and ballots to our staff for approval. United shall endeavor to develop distinctive ballots for each exchange to facilitate our staff's tabulation of the survey results by exchange.

If the survey passes by a simple majority of the customers in any of the exchanges surveyed, United and Southern Bell shall then implement toll free calling between those exchanges and Orlando within twelve (12) months of the issuance date of our order on survey approval. United shall eliminate its Toll-Pac plan on the

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West Kissimmee to Orlando route simultaneously with implementation of the new toll relief plan. By our requiring a simple majority, we are hereby waiving the fifty-one percent (51%) favorable vote requirement of Rule 25-4.063(5)(a), Florida Administrative Code.

In addition, 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 plan being authorized does not consider costs to set rates, we do not believe it is necessary to require United or Southern Bell to conduct cost studies on these routes.

Finally, we find it appropriate to defer our decision on what type of alternative toll relief plan is appropriate for the Kenansville to Orlando and Reedy Creek to Kissimmee routes. At this time, our staff shall be gathering additional data from the companies involved regarding the feasibility of a variety of alternative toll relief plans under consideration. We are deferring, as well, our consideration of the issue of recovery of costs and lost revenues, including incremental costs, on these routes.

Based on the foregoing, it is

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

ORDERED that if no proper protest is filed within the time frame set forth below, United Telephone Company of Florida shall, within thirty (30) days of the date this Order becomes final, survey the subscribers in the Kissimmee, St. Cloud, and West Kissimmee exchanges 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 United Telephone Company of Florida shall submit its survey letter and ballots to our staff for approval prior to their distribution. 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

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ORDERED that if the survey passes, the plan described herein shall be implemented by United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company within twelve months of the issuance date of our Order on survey approval. It is further

ORDERED that we shall consider at a later date the appropriate form of toll relief for certain other routes as set forth herein. It is further

ORDERED that the effective date of our action 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  
1st day of MAY, 1991.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

by: Kay Hepler  
Chief, Bureau of Records

ABG

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

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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 May 22, 1991.

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 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.