

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Bonita Springs residents for extended area service between Bonita Springs and the Fort Myers and Naples exchanges)	DOCKET NO. 910027-TL
)	ORDER NO. 25005
)	ISSUED: 9/3/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 J. TERRY DEASON
 BETTY EASLEY
 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 petitions filed with this Commission by residents of the Bonita Springs exchange. The petitions requested that we consider requiring implementation of extended area service (EAS) between the Bonita Springs exchange and the Fort Myers and Naples exchanges. The Bonita Springs and Fort Myers exchanges are located in Lee County, while the Naples exchange is located in Collier County. All three exchanges are served by United Telephone Company of Florida (United or the Company), which is subject to regulation by this Commission pursuant to Chapter 364, Florida Statutes.

By Order No. 24089, issued February 8, 1991, we directed 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. The Company was required to prepare and submit these studies to us within sixty (60) days of the issuance of Order No. 24089, making the studies due by April 9, 1991. Subsequently, United submitted the required traffic studies.

DOCUMENT NUMBER-DATE

08773 SEP -3 1991

FPSC-RECORDS/REPORTING

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Each of the involved exchanges currently has EAS as follows:

<u>Exchange</u>	<u>Access Lines</u>	<u>EAS Calling Scope</u>
Bonita Springs	19,354	North Naples
Fort Myers	103,558	Cape Coral, Fort Myers Beach, Lehigh Acres, North Cape Coral, North Fort Myers, Pine Island, Sanibel-Captiva Islands
Naples	76,656	Marco Island, North Naples

By Order 11401, issued December 9, 1982, in Docket No. 780723-TP, we required United to implement Toll-Pac from Bonita Springs to Fort Myers and Naples. The Toll-Pac plan had a very low take rate (only 190 subscribers).

Subsequently, the Bonita Springs residents filed a petition requesting us to consider EAS to Fort Myers and Naples a second time. In response, we opened Docket No. 850139-TL. By Order No. 14771, issued August 26, 1985, we directed United to implement a plan known alternately as the Local Exchange Pricing (LEP) plan or the Optional Extended Local Calling (OELC) plan. This plan allowed subscribers in the Bonita Springs exchange to sign up for flat rate service to Fort Myers or Naples or both exchanges by paying a monthly additive of \$6.95, \$6.60, or \$13.30, respectively. Fort Myers and Naples subscribers could elect flat rate service to Bonita Springs for a monthly additive of \$5.00.

The LEP/OELC plan is unique because flat rate calling applies both to and from the subscriber's access line. This differs from the more widely implemented Enhanced Optional EAS (EOEAS) plan (a Southern Bell Telephone and Telegraph Company plan) in which the flat rate option applies only to outgoing calls. LEP/OELC has only been implemented in three areas: Bonita Springs; Ocala/Williston; and Daytona Beach/New Smyrna Beach. The plan quickly fell out of favor because of the difficulty of implementation, primarily because the switch cannot recognize that a call is being made to a number for which a charge should not apply. This results in calls being billed as toll and then manually being removed from the customer's bill. While a number of customers have taken advantage

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of the plan, it apparently has not met the needs of the community at large, since the Bonita Springs subscribers have again petitioned for EAS to and from Fort Myers and Naples.

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

DEMOGRAPHICS

Bonita Springs Exchange

The Bonita Springs exchange is a mixture of beach resorts, exclusive private communities, mobile home parks, shopping centers, and rural farm areas. Newer developments have started to change the type of resident from middle income retiree to professional and retired professional. This once sleepy community in Lee County has been transformed into a busy metropolitan area with shopping centers, business complexes, and all the accommodations associated with a large city. The growth potential for the Bonita Springs exchange is phenomenal, with Fort Myers growing towards the south and Naples growing towards the north following Route 41 and Interstate 75.

Fort Myers Exchange

Fort Myers is the county seat of Lee County and is the economic hub of southwest Florida, with major distribution centers, office complexes and shopping areas. The majority of state and federal agencies located in southwest Florida are in Fort Myers. The majority of all medical facilities in Lee County, including three hospitals, are located in the Fort Myers exchange, as well. With the growth of Fort Myers to the south and Bonita Springs to the north, the exchanges have grown until development is contiguous along their common boundary west of I-75.

The University of South Florida maintains a campus in Fort Myers along with Edison Community College. The Fort Myers area is now the leading candidate for the tenth State University. The long range surface transportation plan for Lee County does not include any new roads in this area that would have any influence on the community of interest.

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Naples Exchange

The Naples exchange contains the governmental offices for Collier County and the City of Naples. Growth in the Collier County area has resulted in commercial centers and cultural activities becoming scattered over all of Collier County. The Collier County Branch of Edison Community College is located in the Naples exchange. There are no changes in the surface transportation plan for either Collier or Lee Counties that would cause a change in the community of interest.

BASIC LOCAL RATES

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

Bonita Springs

R-1	\$ 7.20
B-1	16.90
PBX	33.80

Fort Myers

R-1	\$ 9.45
B-1	22.20
PBX	44.40

Naples

R-1	\$ 8.70
B-1	20.40
PBX	40.85

DISCUSSION

By Order No. 24089, United 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 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.

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The traffic studies performed in this docket were more complex than the usual EAS traffic studies because there are presently two optional plans available on the routes in question. As discussed in the background section, the Toll-Pac plan and the OELC plan are both in place from Bonita Springs to and from Fort Myers and Naples. Since the OELC plan is flat rate plan, the number of calls per access lines (M/M/Ms) is higher than would otherwise be expected. The number of subscribers to the OELC plan is shown below.

<u>Route</u>	<u>Residential</u>	<u>Business</u>
Bonita Springs to Fort Myers	1079	169
Bonita Springs to Naples	1260	203
Bonita Springs to both exchanges	1259	602
Fort Myers to Bonita Springs	562	124
Naples to Bonita Springs	342	182

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

Toll and Toll-Pac

<u>Route</u>	<u>M/M/M</u>	<u>% Making 2 Or More Calls</u>
Bonita Springs to Fort Myers	2.97	30%
Fort Myers to Bonita Springs	.41	27%
Bonita Springs to Naples	2.77	8%
Naples to Bonita Springs	.53	7%

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OELC

<u>Route</u>	<u>M/M/M</u>	<u>% Making 2 Or More Calls</u>
Bonita Springs to Fort Myers	7.97	17%
Fort Myers to Bonita Springs	.90	9%
Bonita Springs to Naples	7.06	17%
Naples to Bonita Springs	1.08	12%

Combined

<u>Route</u>	<u>M/M/M</u>	<u>% Making 2 Or More Calls</u>
Bonita Springs to Fort Myers	10.93	43%
Fort Myers to Bonita Springs	1.31	13%
Bonita Springs to Naples	9.84	41%
Naples to Bonita Springs	1.61	17%

Rule 25-4.060(2)(a) (the Rule) 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. Even if one were able to correct for the increased number of calls resulting from the flat rate option, it is clear that the M/M/Ms would meet the requirements of the Rule. The M/M/Ms measured on the routes when the OELC calls are not included show 2.97 and 2.77 M/M/Ms from Bonita Springs to Fort Myers and Naples respectively. The requirement of the Rule is 3.00 M/M/Ms one-way. Since the subscribers to the flat rate OELC option are likely to be those who made many calls even before the option was available, it is clear that adding these subscribers to the data would bring the M/M/Ms above the threshold of 3.00.

The Rule also requires that at least 50% of the subscribers make 2 or more calls per month on the affected routes. When the toll, Toll-Pac, and OELC data is combined, 43% of the Bonita

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Springs subscribers are making calls to Fort Myers and 41% are making calls to Naples. Upon initial examination, it might appear that the requirements of the Rule are not met. However, we believe that the proper way to consider the desire of Bonita Springs residents to call Fort Myers and Naples is to combine the data.

Simply adding the 41% making calls to Naples to the 43% making calls to Fort Myers for a total of 84% would not be appropriate since this would double count those customers making two or more calls to both exchanges. In attempting to combine the data, the primary question is whether the 41% making calls to Naples are the same subscribers which comprise the 43% making calls to Fort Myers. The traffic study data does not identify individual customers in a way that enables us to determine whether the subscribers who make calls to one exchange are the same subscribers who make calls to the other exchange.

If at least 7% of the Bonita Springs subscribers made two or more calls to Naples and did not make two or more calls to Fort Myers, then at least 50% of the subscribers would have made two or more calls to one exchange or the other (since 43% called Fort Myers). Similarly, if at least 9% of the Bonita Springs subscribers made two or more calls to Fort Myers and did not make two or more calls to Naples, then at least 50% of the subscribers would have made two or more calls to one exchange or the other (since 41% called Naples). Either case would satisfy the 50% requirement of the Rule. We believe it is very likely that more than 7% of the subscribers called Naples but were not among the 43% who called Fort Myers. Likewise, we believe it is very likely that more than 9% of the subscribers called Fort Myers but were not among the 41% who called Naples. Accordingly, we find that the 50% requirement of the Rule has been met.

Upon consideration, we hereby propose requiring United to survey its subscribers in the Bonita Springs exchange for implementation of flat rate, two-way, nonoptional EAS under the 25/25 plan with regrouping. With this plan, both residential and business customers will pay an EAS additive reflecting twenty-five percent (25%) of the rate group schedule for the number of access lines to be newly included in the exchange's calling scope, plus regrouping charges. 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

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scope. The rates at which the 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	\$ 7.20	\$ 2.20	\$ 2.25	\$11.65
B-1	16.90	5.10	5.30	27.30
PBX	33.80	10.20	10.60	54.60

Under this calling plan, the Bonita Springs, Fort Myers, and Naples exchanges would receive toll free calling to and from each other. Rates for the Fort Myers and Naples exchanges would not increase; therefore, those subscribers are not included in the survey.

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

If the survey passes by a simple majority of the customers surveyed in the Bonita Springs exchange, United shall then implement the 25/25 plan with regrouping within twelve (12) months of the issuance date of our order on survey approval. 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.

By our action herein, United shall not be required to conduct cost studies on these routes. We find it appropriate to waive Rule 25-4.061, Florida Administrative Code, which addresses the determination of costs for implementation of traditional EAS. We are generally aware of the costs to United of implementing the 25/25 plan and do not believe the Company needs to incur additional costs for conducting such studies, especially where, as here, the toll relief plan being ordered does not consider costs in setting the EAS additive rates.

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

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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 upon the community of interest demonstrated along these routes, 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).

If the results of the survey are favorable, United shall eliminate its Toll-Pac and OELC plans on these routes simultaneously with implementation of the EAS plan ordered in this docket.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the petitions for extended area service filed by the Bonita Springs subscribers are hereby granted 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 of this Order becomes final, survey the subscribers in the Bonita Springs 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 United Telephone Company of Florida shall submit its survey letter and ballot to our staff for approval prior to 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

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

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ORDERED that United Telephone Company of Florida shall eliminate its Toll-Pac and OELC plans simultaneously with implementation of the calling plan described 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
3rd day of SEPTEMBER, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

By: Kay Flynn
Chief, Bureau of Records

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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.

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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 9/24/91.

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.