

## 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. 25010
and Orange Counties )	
_____ )	ISSUED: 9/4/91

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 IMPLEMENTATION OF  
ALTERNATIVE TOLL PLANS

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 request are served by United, except the Orlando and East Orange exchanges, which are served by Southern Bell, and the Lake Buena

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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 12, 1990, we granted Southern Bell the requested extension of time through January 14, 1991. Subsequently, the companies filed the required traffic studies.

In Order No. 24459, issued May 1, 1991, we examined the results of the traffic studies, finding only five routes qualifying for some form of toll relief: Kissimmee to Orlando; St. Cloud to Orlando; West Kissimmee to Orlando; Kenansville to Orlando; and Reedy Creek to Kissimmee. By Order No. 24459, we proposed denying toll relief for all of the other routes. We also proposed requiring United to survey its customers in the Kissimmee, St. Cloud, and West Kissimmee exchanges for nonoptional, flat rate, two-way calling between these three exchanges and the Orlando exchange under the 25/25 plan with regrouping. We deferred our decision on the appropriate form of toll relief for the other two routes. Additionally, we proposed waiving Rule 25-4.061, Florida Administrative Code, which would have required United and Southern Bell to conduct cost studies on these routes. No protest was filed to our proposed action, so Order No. 24459 became final on May 23, 1991, following expiration of the protest period.

We will consider the results of the customer survey in a subsequent decision. The purpose of this Order is to address the appropriate form of toll relief on the Kenansville to Orlando and Reedy Creek to Kissimmee routes, as well as to consider the issue of cost recovery.

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#### DISCUSSION

By Order No. 24459, we determined that the calling rates on the two routes now under consideration were sufficient to warrant some form of toll relief, although not high enough to justify traditional, nonoptional, flat rate EAS. In several recent dockets we have ordered an alternative to traditional EAS known as the \$.25 plan. This plan has gained favor for several reasons, including its simplicity, its message rate structure, and the fact that it can be implemented as a local calling plan on an interLATA basis. 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 have also expressed our concern that where Toll-Pac is implemented, a three minute message still has a substantial cost to the customer. For example, in the peak period, a three minute message from Reedy Creek to Kissimmee would only be reduced from \$.58 to \$.41. In addition, the \$.25 plan (which converts the traffic to local status, and is implemented on a seven digit basis) is feasible for interLATA routes, whereas most other usage sensitive alternatives to EAS are feasible only for intraLATA routes. Although none of the routes currently under consideration in this docket are interLATA routes, this factor has been an important one in the development of the \$.25 plan.

Upon consideration, we hereby propose requiring United to implement the alternative toll plan known as the \$.25 plan on the Reedy Creek to Kissimmee route. 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 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. Customers may make an unlimited number of calls at \$.25 per call. Affected customers shall be provided with appropriate directory listings.

In reaching the above decision, we considered United's comments regarding our proposal, particularly its concerns with our requiring seven digit dialing and the economic impact of the plan. The vast majority of these concerns have been discussed at length in our recent decision in Docket No. 900039-TL. On the other hand, we are persuaded by United's comments that the \$.25 plan is probably not appropriate for very long toll routes, such as the Kenansville to Orlando route, a distance of fifty-two (52) miles.

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Upon consideration, we hereby propose requiring United and Southern Bell to implement the alternative toll plan known as Toll-Pac from Kenansville to Orlando (one-way only). Toll-Pac provides a thirty percent (30%) discount from regular message toll service (MTS) rates. There is a monthly minimum charge to subscribers who choose this option, but the minimum charge is applied to the toll calls the subscriber makes on the specific Toll-Pac route. For the Kenansville to Orlando one-way route, the monthly minimum charge proposed is as follows:

R-1	\$5.30
B-1	9.40

We recognize that there is an economic impact to United and Southern Bell as a result of our proposed calling plans. We have considered United's comments regarding the revenue impact of the \$.25 plan. However, if the \$.25 plan is compared with traditional EAS, it is clear that the impact of the \$.25 plan is not as great as flat rate EAS. In fact, the \$.25 plan offers the opportunity for additional revenue if there is sufficient stimulation. Although stimulation levels can be difficult, even impossible to predict, initial reports concerning the \$.25 plan in Gadsden County show that the number of calls has increased dramatically. While the demographics of Gadsden County and Central Florida may differ, we do believe that some stimulation is inevitable. Accordingly, we find it appropriate to waive Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs where the qualification for EAS is dependent upon calling levels and subscriber approval of the petitioning exchange, to the extent that this rule applies in this scenario.

In addition, we find it appropriate to waive Rule 15-4.061, Florida Administrative Code. Because the traffic studies reflect a sufficient community of interest to warrant implementation of an alternative to toll rates, and the toll relief plans being authorized do 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.

United and Southern Bell shall implement the two calling plans described herein within six (6) months of the date this Order becomes final.

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Finally, following implementation of the \$.25 plan, United shall file quarterly reports with our staff, broken down on a monthly basis. These reports shall include a detailed analysis of the distribution of calling usage among subscribers, over each route, segregated between business and residential users and combined, showing for each category the number of customers making zero (0) calls, one (1) call, et cetera, through twenty-five (25) calls, and in ten (10) call increments thereafter, to ninety-five (95) calls, and ninety-six (96) or more calls. These reports on usage shall be filed for a one year period following implementation of the \$.25 plan. These usage reports shall also include a record of any customer contact, along with the reason for such contact, regarding the \$.25 calling plan.

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 herein. It is further

ORDERED that if no proper protest is filed within the time frame set forth below, United Telephone Company of Florida and Southern Bell Telephone and Telegraph Company shall, within six months of the date this Order becomes final, implement certain alternative toll plans in accordance with the terms and conditions set forth in the body of this Order. 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 United Telephone Company of Florida shall file certain reports 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.

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By ORDER of the Florida Public Service Commission, this  
4th day of SEPTEMBER, 1991.

  
STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

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 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  
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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.