

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for countywide extended)	DOCKET NO. 910122-TL
area service by the Board of County)	ORDER NO. 25352
Commissioners of Gulf County)	ISSUED: 11/15/91

The following Commissioners participated in the disposition of this matter:

THOMAS M. BEARD, Chairman
 SUSAN F. CLARK
 J. TERRY DEASON
 BETTY EASLEY
 MICHAEL MCK. WILSON

NOTICE OF PROPOSED AGENCY ACTION
ORDER DENYING REQUEST FOR EXTENDED AREA SERVICE
AND REQUIRING IMPLEMENTATION OF ALTERNATIVE TOLL PLAN

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.

This docket was initiated pursuant to a resolution filed with this Commission by the Gulf County Board of County Commissioners. The resolution requested that we consider requiring implementation of extended area service (EAS) between all exchanges in Gulf County. Three exchanges are affected by this request: Port St. Joe, The Beaches, and Wewahitchka. These exchanges are served by St. Joseph Telephone and Telegraph Company (St. Joe or the Company) which is subject to regulation by this Commission pursuant to Chapter 364, Florida Statutes.

Each of the involved exchanges currently has EAS as follows:

<u>EXCHANGE</u>	<u>ACCESS LINES</u>	<u>EAS CALLING SCOPE</u>
Port St. Joe	3,344	The Beaches
The Beaches	1,851	Port St. Joe
Wewahitchka	1,671	None

By Order No. 24241, issued March 14, 1991, St. Joe 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.

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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.

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

<u>ROUTE</u>	<u>M/M/M</u>	<u>% OF CUSTOMERS MAKING 2 OR MORE CALLS</u>
Port St. Joe to Wewahitchka	1.39	18%
Wewahitchka to Port St. Joe	3.39	39%
The Beaches to Wewahitchka	.82	12%
Wewahitchka to The Beaches	.29	4%

Rule 25-4.060(2) requires a two-way calling rate of 2.00 M/M/Ms, with at least fifty percent (50%) of the exchange subscribers making calls each month to indicate a sufficient community of interest to warrant further study of the feasibility of implementing nonoptional EAS. Alternatively, a one-way calling rate of at least 3.00 M/M/Ms, with at least fifty percent (50%) of the exchange subscribers making two (2) or more calls per month is adequate if the petitioning exchange is less than half the size of the exchange to which EAS is sought. The results of the traffic studies revealed no routes that meet or exceed these threshold requirements. Accordingly, we shall deny any further consideration of nonoptional, flat rate, two-way EAS along the above routes.

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

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our concern that where Toll-Pac is implemented, a three minute message still has a substantial cost to the customer. 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 St. Joe to implement the alternative toll plan known as the \$.25 plan between Port St. Joe and Wewahitchka and between The Beaches and Wewahitchka. 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. St. Joe shall implement this plan within six (6) months of the date this Order becomes final.

We recognize that there is an economic impact to St. Joe as a result of our proposed calling plan. Based upon the traffic study data provided in this docket, the total toll revenue for intracounty toll calls for the month of the traffic study is \$11,040. Annualized, this amounts to \$132,480 in lost toll revenue. Based upon the number of messages shown in the traffic study data, implementation of the \$.25 plan would yield \$2,901 in monthly revenue. Annualized, the \$.25 plan would yield \$34,812 in revenue, resulting in an annual revenue loss of \$97,668. A loss of this magnitude would represent a 0.73% reduction in return on equity for St. Joe, which we do not see as significant, given St. Joe's present healthy earnings position. It should be noted that these figures do not include any stimulation. Although stimulation levels can be difficult, even impossible to predict, if the number of calls on these routes were to little more than double, the projected revenue loss would be negated. 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 arguably applies in this context.

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Finally, following implementation of the calling plan, St. Joe 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. 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 Gulf 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, St. Joseph Telephone and Telegraph Company shall, within six months of the date of this Order becomes final, implement an alternative toll plan that complies with the terms and conditions set forth in the body of this Order. It is further

ORDERED that Rule 25-4.062(4), Florida Administrative Code, has been waived for the reasons discussed in the body of this Order. It is further

ORDERED that St. Joseph Telephone and Telegraph Company shall file certain reports as set forth herein. It is further

ORDERED that our proposed action shall become final and this docket shall be closed following expiration of the protest period specified below, if no proper protest to our proposed agency action is filed in accordance with the requirements set forth below.

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By ORDER of the Florida Public Service Commission, this 15th
day of NOVEMBER, 1991.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

by: Ray Simpson
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.

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

12/6/91.

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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 wastewater 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.