

FLORIDA PUBLIC SERVICE COMMISSION
FLETCHER BUILDING
101 EAST GAINES STREET
TALLAHASSEE, FLORIDA 32399-0850

M E M O R A N D U M

SEPTEMBER 20, 1990

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [CIMERMAN, O'PRY, WIDELL] *RLC SP/9/90*
DIVISION OF LEGAL SERVICES [GREEN] *YB* *RHT*

RE : DOCKET NO. 900039-TL EAS - RESOLUTION BY THE ORANGE
COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA
SERVICE BETWEEN THE MOUNT DORA EXCHANGE AND THE APOPKA,
EAST ORANGE, LAKE BUENA VISTA, ORLANDO, REEDY CREEK,
WINDERMERE, WINTER GARDEN AND WINTER PARK EXCHANGES.

AGENDA: OCTOBER 2, 1990 - CONTROVERSIAL - PROPOSED AGENCY ACTION
- PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

CASE BACKGROUND

This docket was initiated pursuant to a resolution passed by the Orange County Board of Commissioners. The petition requested implementation of EAS service between the Mount Dora exchange and the Apopka, East Orange, Lake Buena Vista, Reedy Creek, Orlando, Windermere, Winter Garden, and Winter Park exchanges. All of these exchanges are served by United Telephone Company except for the Orlando exchange, which is served by Southern Bell Telephone and Telegraph Company, and the Lake Buena Vista exchange, which is served by Vista-United Telecommunications. The Mt. Dora exchange is located in the Gainesville LATA while the remaining exchanges are located in the Orlando LATA. Attachment A is a map of the involved exchanges. Order No. 22807, issued April 12, 1990 required the three companies to conduct traffic studies on these routes. Because all of the routes are interLATA routes Southern Bell, United and Vista-United requested and were granted confidential treatment.

DOCUMENT NUMBER-DATE

08405 SEP 20 1990

0-RECORDS/REPORTING

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

The majority of the Mt. Dora exchange is in Lake County, however, approximately 10% of the 80.4 square miles which comprise the Mt. Dora exchange lies within Orange County. The City of Mt. Dora, which is located on the north side of Lake Dora and is bound by U.S. 441 on its north and east sides, consists mostly of retirees and service jobs are most prevalent. Retirees, winter visitors and agriculture are the mainstays of the economy for the Mt. Dora exchange. Local businesses consist primarily of small retail stores and professional services catering to temporary and permanent residents. The large number of antique shops has earned Mt. Dora the name "Antique Center of Central Florida".

Much of the area's growth is expected to occur along State Road 46 from Interstate 4 to Mt. Dora. More than 5,000 vehicles travel this road daily. Migration is expected from Orlando to Lake County as Orlando residents try to escape increasingly congested development. Residents in the Wekiva area of the Mt. Dora Exchange are expected to do most of their shopping in Sanford and/or Winter Park.

For the Lake County portion of the Mt. Dora Exchange the community of interest is Lake County. For the portion of Orange County in the Mt. Dora Exchange the community of interest is Apopka. Any county business for that portion of the Mt. Dora exchange within Orange County would have to be conducted in Apopka, including school attendance.

TABLE 1

EXCHANGE DATA						
<u>EXCHANGE</u>	<u>LEC</u>	<u>LATA</u>	<u>ACCESS LINES</u> <u>EAS LINES</u>	<u>EAS CALLING SCOPE</u>	<u>BASIC RATES</u>	<u>EQUAL</u> <u>ACCESS</u>
MT. DORA	United	Gainsville	9663 82,697	Astor, Clermont, Eustis, Grovelnd, Hwy-Hills, Lady Lake, Leesburg, Montverde, Tavares, Umatilla	R-1 \$ 7.67 B-1 \$17.95 PBX \$36.37	No
APOPKA	United	Orlando	20,608 475,098	E. Orange, Lk Bna Vsta, Montverde, Orlando, Reedy Creek, Windermere, Winter Garden, Winter Park	R-1 \$ 9.97 B-1 \$23.22 PBX \$46.92	Yes
EAST ORANGE	SBT	Orlando	3770 490,749	Apopka, Lk Bna Vsta, Montverde, Orlando, Oviedo, Reedy Creek, Windrmere, Wntr Garden, Wntr Prk	R-1 \$10.30 B-1 \$28.00 PBX \$62.81	Yes
LAKE BUENA VISTA	Vista United	Orlando	5373 475,098	Apopka, E. Orange, Montverde, Orlando, Reedy Creek, Windermere, Winter Garden, Winter Park	R-1 \$ 7.20 B-1 \$17.65 PBX \$29.25	No
ORLANDO	SBT	Orlando	261,415 490,749	Apopka, E. Orange, Lk Bna Vsta, Montverde, Oviedo, Reedy Creek, Windrmere, Wntr Garden, Wntr Prk, (W. Kissimmee - optional)	R-1 \$10.30 B-1 \$28.00 PBX \$62.81	Yes
REEDY CREEK	United	Orlando	5147 480,894	Apopka, E. Orange, Lk Bna Vsta, Montverde, Orlando, Windermere, W.Kssmmee, Wntr Garden, Wntr Prk	R-1 \$ 9.97 B-1 \$23.22 PBX \$46.92	No
WINDERMERE	United	Orlando	4131 475,098	Apopka, E. Orange, Lk Bna Vsta, Montverde, Orlando, Reedy Creek, Winter Garden, Winter Park	R-1 \$ 9.97 B-1 \$23.22 PBX \$46.92	No
WINTER GARDEN	United	Orlando	13,016 475,098	Apopka, E. Orange, Lk Bna Vsta, Montverde, Orlando, Reedy Creek, Windermere, Winter Park	R-1 \$ 9.97 B-1 \$23.22 PBX \$46.92	Yes
WINTER PARK	United	Orlando	159,634 526,073	Apopka, E. Orange, Geneva, Lk Bna Vsta, Montverde, Orlando, Oviedo, Reedy Creek, Sanford, Windermere, Winter Garden	R-1 \$ 7.67 B-1 \$20.58 PBX \$44.62	Yes

TABLE 2

<u>ATT-C DAYTIME TOLL RATES*</u>			
<u>TO/FROM</u>	<u>MILEAGE</u>	<u>INITIAL MINUTE</u>	<u>ADDITIONAL MINUTE</u>
Mt. Dora/Apopka	12	.27	.16
Mt. Dora/East Orange	43	.29	.23
Mt. Dora/Lake Buena Vista	27	.29	.23
Mt. Dora/Orlando	24	.29	.23
Mt. Dora/Reedy Creek	32	.29	.23
Mt. Dora/Windermere	22	.27	.16
Mt. Dora/Winter Garden	17	.27	.16
Mt. Dora/Winter Park	23	.29	.23

*ATT-C has proposed new lower rates to become effective
 October 1, 1990

DISCUSSION OF ISSUES

ISSUE 1: Do the calling rates between the Mt. Dora exchange and the Apopka, East Orange, Lake Buena Vista, Reedy Creek, Orlando, Windermere, Winter Garden, and Winter Park exchanges qualify for nonoptional, flat rate, two-way toll free calling?

RECOMMENDATION: No, the calling rates between the entire Mt. Dora exchange and the requested exchanges are not sufficient to warrant a survey for non-optional, flat rate, two-way toll free calling. The Mt. Dora exchange consists of two parts, the Lake County portion, and the Orange County pocket. The calling rates between the Orange County pocket of the Mt. Dora exchange and the Apopka and Orlando exchanges would be sufficient to warrant a survey for non-optional EAS if pocket areas were treated separately from their base exchanges. The calling rates between the Orange County pocket of the Mt. Dora exchange and the Winter Park exchange would be very nearly sufficient to warrant a survey for non-optional EAS if pocket areas were treated separately from their base exchanges. The calling rates between the pocket area and the remaining requested exchanges are not sufficient to warrant a survey for non-optional EAS.

Commission policy has generally been that EAS only be implemented for entire exchanges and that pocket exchanges should not be considered separately for the purposes of non-optional EAS. In order to address the concerns of the customers of the Orange County pocket of the Mt. Dora exchange for calling to the requested exchanges, rather than an EAS plan, staff recommends that those customers be surveyed for a transfer to the Apopka exchange. If customers were transferred to the Apopka exchange from the Mt. Dora exchange they would lose the toll-free calling scope of the Mt. Dora exchange (primarily Lake County) while gaining the toll-free calling scope of the Apopka exchange (primarily Orange County), their rates would increase, and their telephone numbers and area codes would change. The survey should be conducted within thirty (30) days of the final order in this docket. United Telephone Company should obtain prior staff approval of the survey letter. If the survey is approved by a simple majority of customers in the Mt. Dora exchange United should implement the transfer within twelve (12) months of the Commission's implementation order.

STAFF ANALYSIS: The Mt. Dora exchange (containing 9663 access lines) is located in the Gainesville LATA while the exchanges to which EAS has been requested are located in the Orlando LATA, thus the routes under consideration are interLATA routes. The Lake

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

County portion of the Mt. Dora exchange contains 8,946 access lines while the Orange County portion of the Mt. Dora exchange contains 717 access lines. Confidential treatment, when requested, has generally been granted for interLATA traffic studies and has been granted in this docket. The actual calling rates for the confidential routes have not been provided in this recommendation. Staff will provide the confidential traffic study results to the Commissioners upon request.

Taken as a whole, the Mt. Dora exchange exhibits calling rates to the Orlando and Apopka exchanges which would qualify under the Commission's rules for an optional EAS plan if optional plans were feasible for interLATA routes. However, in at least five separate EAS dockets which have previously come before the Commission, it has been noted that interLATA optional EAS plans are not feasible because of technical constraints. In particular, most optional plans retain 1+ calling, offering some type of discount from the usual rates. In equal access areas 1+ calling on an interLATA basis on the affected routes could not be captured by the LEC. Rather, such calls would continue to be routed to the various presubscribed IXCs. The Mt. Dora exchange is scheduled for equal access in 1993.

Although the M/M/Ms were significant for the Mt. Dora/Orlando and Mt. Dora/Apopka interLATA routes the percentage of customers making two or more calls was below the threshold generally required for a survey for nonoptional EAS. It is staff's belief that a survey of the entire Mt. Dora exchange for nonoptional EAS would fail because of the low percentage of customers making calls (considering that a majority of customers must vote in the affirmative in order for a survey to pass).

Having said that neither an optional plan nor a nonoptional plan is possible for the entire Mt. Dora exchange, staff considered the Orange County pocket of the exchange separately. Note that the original EAS request was submitted by the Orange County Board of County Commissioners and that the Lake County customers of the Mt. Dora exchange have not requested EAS. The calling rates for the Orange County pocket meet the Commission's stated criteria for a survey for nonoptional EAS. However, it has generally been the Commission's policy that EAS not be granted to pocket areas. Among the reasons for this policy are the scarcity of NXXs and issues of fairness. If EAS is thus excluded as a solution for the pocket area the only means of addressing the concerns of those customers for calling to the requested exchanges is a transfer of the pocket customers from the Mt. Dora to the Apopka exchange.

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

A transfer of the pocket customers would affect the customers in several ways. First and foremost is that reclassification into the Apopka exchange would give those customers exactly the same calling scope of all other customers in the Apopka exchange (primarily Orange County), no more, no less. The affected customers would lose the calling scope they presently enjoy in the Mt. Dora exchange (primarily Lake County). In addition the rates for these customers would increase somewhat (from a basic residential rate of \$7.67 to \$9.97 - as well as an increase in applicable zone charges for some customers). The increase in the basic rate would occur because subscribers in the Mt. Dora exchange presently pay less than customers of the Apopka exchange (because of the difference in the size of their respective calling scopes). The customer's area code would change from (904) to (407) and each telephone number would be assigned an Apopka NXX code. As United Telephone Company is presently involved in a rate case these increases might be compounded if local rate increases are granted.

Because we see no other way, with current technology to assist the Orange County customers, staff recommends that customers of the Orange County pocket of the Mt. Dora exchange be transferred to the Apopka exchange if a survey of the subscribers in the pocket exchange should pass. United should conduct the survey within thirty (30) days of the final order in this docket. The ballots should be returned directly to the Commission for tabulation. If the survey is approved by a simple majority of the customers in the pocket exchange, United should be ordered to implement the transfer at the rates shown below within twelve (12) months of the date of survey approval.

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

ISSUE 2: What rates should the transferred subscribers of the pocket area be charged?

RECOMMENDATION: The transfer of the pocket exchange should be implemented at the following monthly rates plus applicable zone charges:

R-1 \$9.97 B-1 \$23.22 PBX \$46.92

STAFF ANALYSIS: If the Commission orders United to survey its Mt. Dora subscribers for a transfer of the Mt. Dora pocket exchange to the Apopka exchange the new rates should simply be those of the new exchange, namely the Apopka exchange without any additional additives or regrouping charges. The only exception is that the standard zone charges should apply. The Mt. Dora pocket subscribers are generally located in zones A, B, and C in relation to the Mt. Dora central office. If the pocket subscribers are transferred to the Apopka exchange they will primarily be located in zone D and some may fall into zone C in relation to the Apopka central office.

The Mt. Dora exchange rates are as follows:

R-1 \$7.67 B-1 \$17.95 PBX \$36.37

The Apopka exchange rates are as follows:

R-1 \$9.97 B-1 \$23.22 PBX \$46.92

Monthly zone charges are as follows:

Zone A \$1 Zone B \$2 Zone C \$3 Zone D \$5

A boundary change, as herein recommended, differs from a typical EAS implementation in that EAS involves the addition of local calling scope while a boundary change may involve a change of calling scope. That is, while EAS extends the number of access lines a subscriber may call without any reduction in calling scope, a subscriber faced with a boundary change may have a new calling scope (and would, in this case). The boundary change subscriber may gain the ability to call some exchanges toll-free while losing the ability to call other exchanges toll-free. EAS subscribers are generally charged some type of additive for their increased calling scope. Boundary change subscribers on the other hand should pay the same rates as those subscribers in the exchange to which they

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

are transferred, however they should not face any additive charges because they are faced with the loss of a portion of their previous calling scope.

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

ISSUE 3: Should the Commission require United to conduct cost studies for this boundary change?

RECOMMENDATION: No, the Commission should not require United to conduct cost studies for this boundary change.

STAFF ANALYSIS: This docket was opened as an EAS request. Although staff's recommendation for a boundary change survey is not strictly EAS, staff believes that many of the same issues which would be considered in an EAS recommendation must be considered here. In particular the issues of costs and cost recovery have been considered by staff (EAS Commission rules 25-4.061, Determination of Cost Requirement and 25-4.062, Assigned Recovery of Costs, respectively). Inasmuch as the traffic studies reflect sufficient community of interest to warrant implementation of an alternative to toll rates, and the alternatives being recommended in this docket do not consider the costs in order to set the rates, United should not be required to conduct cost studies for this boundary change.

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

ISSUE 4: Should the toll alternative plan permit full recovery of costs and lost revenues, including incremental costs?

RECOMMENDATION: No, the toll alternative plan should not permit full recovery of costs and lost revenues, including incremental costs.

STAFF ANALYSIS: As noted in issue 3 although staff's recommendation is for a boundary change rather than EAS, similar cost issues arise. Under EAS rules, in situations where the qualification for extended area service relies on the calling interest of the petitioning exchange as well as subscriber approval of the plan, recovery of costs is assigned as follows:

[T]he requested service may still be implemented, provided that the entire incremental cost for the new service, less any additional revenues generated by regrouping in either or both exchanges, shall be borne by the subscribers of the petitioning exchange (Rule 25-4.062(4), F.A.C.).

Therefore, on any two-way plan, according to the Rule, the subscribers in the petitioning exchange should bear the burden and the telephone company will recover the costs in whatever manner the Commission deems.

It has been shown in every EAS docket (e.g. Docket No. 870436-TL, Hastings-St. Augustine EAS) for which cost information has been submitted that full recovery of cost would result in unacceptably high rates to customers. For this, reason, the Commission has waived this rule in every EAS docket for which traditional EAS has been recommended. Similarly staff believes that full recovery of costs in this case would result in unacceptably high rates to customers. Furthermore, as noted in issue 2 staff believes it is inappropriate to consider additives of any sort in the case of a boundary change. Staff therefore recommends that full cost recovery not be permitted.

Although staff believes that costs need not be considered in this docket United did submit some preliminary cost information and in the interest of completeness this information is reported here. United has stated that providing the appropriate facilities for the transfer of the pocket area would incur the following costs:

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

Capital dollars for two (2) Outside Plant Modules (OPM's)	- \$ 50,000
Maintenance dollars for labor	- 100,000
Placement of fiber cable from existing Remote Line Switch (RLS) to OPM's	- <u>285,000</u>
Total Cost of Transfer	- \$435,000

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

ISSUE 5: If the Commission approves the recommendation in Issue 1, should the Commission order that a simple majority of subscribers in the Orange County pocket of the Mt. Dora exchange voting favorably should be considered sufficient for passage of the survey in this docket?

RECOMMENDATION: Yes. A simple majority of the Orange County pocket of the Mt. Dora exchange voting in favor of a boundary change should be ordered as sufficient for passage of the survey.

STAFF ANALYSIS: FPSC Rule 25-4.063(5)(a) which governs voting in EAS dockets states:

(5) "The requested extended area service shall be approved and ordered by the commission upon a finding that:

(a) Fifty-one percent (51%) of all subscribers in each exchange required to be surveyed vote favorably; or ..."

Although this docket is not strictly an EAS docket it is instructive to consider the Commission's past application of this rule in EAS dockets. In several recent EAS dockets (e.g. Docket No. 870436-TL, Hastings-St. Augustine EAS), the Commission has waived the 51% requirement, choosing to interpret the intent of the rule to mean a simple majority, rather than 51%, of those eligible to vote. Staff therefore recommends acceptance of a simple majority of those eligible to vote as criteria for passage of the survey in this docket.

DOCKET NO. 90039-TL
SEPTEMBER 20, 1990

ISSUE 6: Should this docket be closed?

RECOMMENDATION: No, this docket should remain open until the Orange County pocket of the Mt. Dora exchange has been surveyed on the boundary change and any resultant changes have been implemented.

STAFF ANALYSIS: It is necessary to keep this docket open until the customers have been surveyed and the boundary change implemented if a simple majority of those surveyed approve the plan. Results of the survey will be available one week after the final ballot mail-in date. The survey results will be presented to the Commission at a subsequent agenda.



