

TO BE RESCINDED

4901:1-7-03

Factors considered in evaluating EAS.

(A) EAS is not a substitute for message toll service, but rather a service designed to meet the day-to-day calling requirements of subscribers which cannot properly be met with local calling confined to the local calling area of a particular exchange. Requests for EAS are not evaluated by a formula, but rather by the facts and circumstances of each case. While the factors which determine whether EAS should be provided in a given situation are sometimes difficult to evaluate and quantify, the commission shall consider the factors set forth below. However, the commission is not precluded from considering other relevant circumstances not set forth in these rules.

(B) Community of interest factors:

(1) The involved local exchange company(s) must submit the following calling data for at least one representative month, unless compelling circumstances exist to warrant the submission of data for other than the representative month and the commission directs the company(s) otherwise:

(a) The calling rate between the involved exchanges;

(b) The distribution of calling (to determine whether the traffic is originated by the subscribers generally or by only a relatively few subscribers);

(c) With reference to paragraphs (B)(1)(a) and (B)(1)(b) of this rule, the commission will consider the calling rate and distribution of the calling in both the exchange requesting EAS and the exchange being requested, unless the access lines of the requesting exchange number less than forty percent of the total of the access lines in both exchanges. In that instance, the commission shall consider the calling data from the requesting exchange to the requested exchange(s) only;

(d) Under normal circumstances and in the absence of other compelling considerations:

(i) A calling rate of less than three from the requesting exchange to the requested exchange is insufficient to support the approval of EAS;

(ii) In situations where the calling rate is at least three, but less than five from the requesting exchange to the requested exchange, no presumption for or against the establishment of EAS shall exist.

However, in any such case, only usage sensitive service shall be considered, unless the company does not provide a usage sensitive service and can demonstrate that it is not technically or economically feasible for it to do so;

- (iii) In situations where the calling rate is at least five, but less than eight from the requesting to the requested exchange, no presumption for or against the establishment of EAS shall exist. However, in any such case, if EAS is appropriate, usage sensitive service shall be the preferred option, unless the company does not provide a usage sensitive service and can demonstrate that it is not technically or economically feasible for it to do so, or unless those seeking EAS can demonstrate a need for flat-rate service; and
 - (iv) In situations where the calling rate is at least eight from the requesting exchange to the requested exchange, a rebuttable presumption shall exist that some form of EAS, either flat-rate service or usage sensitive service, is warranted.
- (2) By no later than July 1, 1992, all interexchange carriers which interconnect with a local exchange company, shall be required to submit calling rate and distribution of calling data when requested by the commission in a case. As determined by the commission on a case-by-case basis, the calling data submitted by the involved interexchange carrier(s) shall be considered in conjunction with the data submitted by the involved local exchange company(s) in accordance with (B)(1)(a) to (B)(1)(c) of this rule.
- (3) The location of various services, products, and activities, including, but not limited to, the following shall be considered:
- (a) Population movement and other demographic considerations;
 - (b) Commercial development;
 - (c) School activities;
 - (d) Police and fire services;
 - (e) Other governmental services, including the county seat;
 - (f) Medical, dental, and veterinarian services;

- (g) Religious institutions;
- (h) Agricultural organizations and services;
- (i) Shopping and service centers;
- (j) Employment centers; and
- (k) Social, cultural, and recreational activities.

(C) Investment, cost, and revenue considerations:

- (1) It would not be in the public interest for a local exchange company to enter into exceptionally heavy investments in facilities and incur exceptionally high costs in situations where the EAS requirement is not substantial. Therefore, each of the factors must be evaluated in relation to all other factors. Timing is an important cost consideration and substantial weight must be given to plans for instituting the service in the most economical manner and at the most economical time.
- (2) The investment, cost, and revenue factors shall be considered by the commission on a case-by-case basis, as follows:
 - (a) In situations where the calling rate is less than three from the requesting exchange to the requested exchange, the investment, cost and revenue factors shall not be considered by the commission, unless a substantial community of interest is shown to exist between the involved exchanges;
 - (b) In situations where the calling rate is at least three, but less than five, only the investment, cost, and revenue factors associated with usage sensitive service shall be considered, unless the company does not provide a usage sensitive service and can prove that it is not technically or economically feasible for it to do so; and
 - (c) In situations where the calling rate is at least five from the requesting exchange to the requested exchange, the investment, cost, and revenue factors for both flat-rate service and usage sensitive service shall be considered.

(3) Investment, cost, and revenue considerations shall include, but not be limited to, the following:

- (a) Marginal investment costs;
- (b) Annual gross marginal costs;
- (c) Savings and other revenue enhancements;
- (d) Annual revenues;
- (e) Lost toll revenues; and
- (f) Lost access charge revenues.

(D) The willingness of a substantial majority of the subscribers to pay appropriate rates is a basic and necessary condition to the institution of EAS. The demands of a few subscribers should not force the institution of a more costly telephone service contrary to the wishes of a majority of the subscribers. Therefore, in cases where the rates of the subscribers in the requesting exchange will increase as a result of the institution of EAS, a canvass of the subscribers in the requesting exchange is required.

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