

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

M E M O R A N D U M

OCTOBER 25, 1990

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [DUFF, WIDELL] *Widell*
DIVISION OF LEGAL SERVICES [GREEN] *Green*

RE : DOCKET NO. 870790-TL - REQUEST FOR EXTENDED AREA
SERVICE (EAS) THROUGHOUT GILCHRIST COUNTY

AGENDA: NOVEMBER 6, 1990 - CONTROVERSIAL - PROPOSED AGENCY
ACTION - PARTIES MAY PARTICIPATE

PANEL: FULL COMMISSION

CRITICAL DATES: NONE

CASE BACKGROUND

This docket was initiated by a resolution filed with this Commission on July 22, 1987 by the Gilchrist County Board of County Commissioners. The resolution requested that toll-free local calling be implemented throughout Gilchrist County (Trenton, Newberry, Branford and High Springs exchanges). The Southern Bell and ALLTEL telephone companies were required to conduct traffic studies on all non-EAS toll routes in Gilchrist County by Order No. 17943, issued August 6, 1987. At the time, Gilchrist County consisted of the following non-EAS routes (since then, Southern Bell implemented its EOAS plan on the Newberry to Trenton route - see explanation below) (see map, Attachment I):

<u>ROUTE</u>	<u>MILEAGE</u>
Branford to High Springs	22
Trenton to Newberry	13
Branford to Trenton *	25
High Springs to Trenton *	21
Branford to Newberry *	30

NOTE: * These routes are interLATA routes.

Staff would also note that all of the exchanges in Gilchrist County (Trenton, High Springs, Newberry, and Branford) are also partially located in other counties. The map in Attachment II shows the LATA boundary, along with the county boundary.

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66459 10/24/90

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Southern Bell serves the Trenton and Newberry exchanges, while ALLTEL serves the Branford and High Springs exchanges. The High Springs to Newberry route, an interLATA route, currently has flat rate two-way EAS, which was implemented prior to divestiture. Also, as mentioned above, Southern Bell was recently required by this Commission (Order No. 23200, issued July 16, 1990) to implement its EOEAS plan on the Newberry to Trenton route (see Issue 2 for the rates).

The companies submitted the following demographic information as part of their traffic studies. The Gilchrist County seat is located in Trenton. The Newberry exchange is comprised of many retirees and second homes. The average income level is lower to middle income. The western twenty percent (20%) of the Newberry exchange is located in Gilchrist County, while the rest of the exchange lies in Alachua County. The residents in the western twenty percent (20%) of the county go to school, shop, and have post office delivery in Trenton. The residents of the middle sixty percent (60%) of the Newberry exchange, located in Alachua County, are tied to Newberry for schools and shopping. For medical treatment, some residents go south to Williston, but most go east to Gainesville. The residents of the eastern twenty percent (20%) of the exchange have a community of interest with Gainesville.

The average income level in the Trenton exchange ranges from lower to middle income. Medical facilities, schools, and some stores are located in Trenton.

ALLTEL reports that the community of interest for the Gilchrist County residents in the Branford, Newberry and High Springs exchanges are the governmental offices, banks and other businesses located in Trenton.

The initial traffic studies submitted by the companies revealed the following information:

<u>ROUTE</u>	<u>M/M/M</u> (including FX)	<u>%MAKING TWO</u> <u>OR MORE CALLS</u>
Branford to High Springs	.89	13.44%
High Springs to Branford	.93	8.49%
Trenton to Newberry	1.88	22.65%
Newberry to Trenton	4.09	21.31%
Branford to Trenton *	1.78	16.50%

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Trenton to Branford *	n/a	n/a
High Springs to Trenton *	1.15	7.76%
Trenton to High Springs *	n/a	n/a
Branford to Newberry *	.17	2.45%
Newberry to Branford	n/a	n/a

NOTE: * These routes are interLATA routes. ALLTEL filed traffic study results, but Southern Bell did not.

Staff recommended at the February 2, 1988 Agenda Conference that none of the routes for which we had traffic study information met the rule requirements for further EAS consideration of 3.00 M/M/M and 50% of the customers making two or more calls per month. At the Agenda Conference, two members of the Gilchrist County Board of County Commissioners requested that a survey for countywide calling be conducted, despite the fact that the calling rates were very low. The Commission deferred the item and instructed the companies to develop a countywide flat rate on which the customers could be surveyed.

On September 6, 1988, Southern Bell, who had worked with ALLTEL, filed the required countywide flat rates, along with a corresponding revenue impact statement. On October 6, 1988, staff filed a recommendation, to be presented at the October 18, 1988 Agenda, which recommended that Gilchrist County subscribers be surveyed at the recommended countywide rates.

Prior to the October 18th Agenda, Public Counsel requested indefinite deferral of the item on behalf of the Gilchrist County Commission, who had realized that the probability of a countywide survey passing was very low. This is because all four of the exchanges in Gilchrist County also partially lie in other counties.

Staff subsequently had numerous conversations with the attorney for Gilchrist County about the extremely rural nature of the county and of the need for those people living outside of Trenton to be able to call their county seat. On December 13, 1988, staff also received a letter from Charles V. Watson, a resident of Gilchrist County, which outlined the calling problems in the county and his suggestions for a solution. He also described the rural nature of the county and, as an example, explained that the school that the children living in the city of Bell attend is in Trenton. Similarly, those that live in the east portions of the Newberry and High Springs exchanges go to

school in Trenton. For the schools to contact parents and vice versa requires a toll call. Similarly, Mr. Watson explained, all calls to and from the county government offices in Trenton are toll. He did say that the government does have some foreign exchange lines to other exchanges as a partial solution to the problem. There are times, however, when several more lines could be used and other times when none are needed. He asserted that a more efficient use of lines could be effected with EAS. One of his suggestions was to survey only those customers living within the Gilchrist County portions of the four exchanges on a flat rate two way plan, and the second suggestion was to implement a two way individual customer option plan. He allowed as to how such a plan would be difficult to implement from the Branford exchange, since a step-by-step switch still serves that exchange, but that the plan could be manually implemented through billing.

In considering the above, staff recognized that Mr. Watson's first proposed solution - i.e. surveying only those customers living in the Gilchrist County portion of the four exchanges, was feasible, but that this Commission has been against implementing flat rate two way EAS to only portions of exchanges in the past. Among the reasons for this policy are the scarcity of NXX codes (which would be required to be used with pocket EAS) and issues of fairness. Nevertheless, because of the problems stemming from the extremely rural nature of the county and the assertions of both the Gilchrist County attorney and county residents that the portions of the exchanges not lying in Gilchrist County obscure the calling within Gilchrist County, we did issue an order (Order No. 20607, issued January 17, 1989) requiring the companies to perform pocket traffic studies. The studies were to cover the portions of the Branford, High Springs, Trenton, and Newberry exchanges that lie within Gilchrist County to the rest of the exchanges in the county.

In the meantime, however, staff attempted to bring some relief to the area by writing a recommendation that County Seat Calling be implemented in Gilchrist County. County Seat Calling is a plan that Southern Bell had implemented in Georgia. It basically provides for free calling to particular county governmental agencies, schools, etc., as determined by the most frequently called numbers within the county. Staff explored the feasibility of Southern Bell implementing such a plan on its routes in Gilchrist County, and decided that while it would not entirely provide the relief sought by the County, it would provide more relief than is currently available. The recommendation was presented at the March 21, 1989 Agenda Conference, whereupon ALLTEL protested the implementation of

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County Seat Calling, saying that it had not had time to study the proposal and did not know the costs to the company of implementing it. They also stated that the County already had FX lines for some offices. Interexchange carriers also had concerns with the precedent-setting nature of the proposal, considering the interLATA routes involved. The Commission deferred the item, giving the companies 45 days to study the proposal, project costs, etc. Staff was then to return with an appropriate recommendation.

Subsequent to that agenda conference, many parties wrote letters to staff outlining their problems and concerns with County Seat Calling. Staff also had conversations with the attorney for Gilchrist County and others who said that County Seat Calling would not solve their problem because it would still not allow for calling to businesses and many other numbers to which they viewed calling as necessary. Staff therefore basically abandoned the idea of recommending County Seat Calling as a solution to the Gilchrist County problem. We decided to wait until the results of the pocket traffic studies were filed to see just how much calling was occurring within the county.

The results of the pocket traffic studies were filed by Southern Bell and ALLTEL, along with requests for confidential treatment of interLATA traffic data. The Commission issued two orders denying the requests for confidential treatment (Order No. 21452, issued June 27, 1989 denying ALLTEL's request; and Order No. 21453, issued June 27, 1989, denying Southern Bell's request). The companies filed protests of the order (AT&T - July 11, 1989; Southern Bell - July 26, 1989; ALLTEL - July 11, 1989). On November 2, 1989, the technical staff sent a memorandum to the legal staff advising them that traffic data filed in the Gilchrist County EAS docket and three other EAS dockets should be classified as confidential. This reversal in the staff's opinion regarding confidential treatment of interLATA traffic data was based on convincing arguments by the companies in their protests to confidentiality orders. The companies successfully argued that the data, even though interLATA in nature, was obtained through LEC billing and collection services provided to the IXC (in this case, only AT&T serves the interLATA routes in Gilchrist County). They argued that such information is an important tool in LEC network planning, and a denial of confidential treatment could hamper the LEC's efforts to conduct meaningful network planning and maximize network efficiency. Therefore, the companies argued, the data should be afforded confidential treatment, just as any other customer information is treated.

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On September 7, 1989, the attorney for Gilchrist County filed a Motion Requesting Issuance of Proposed Agency Action Order. The Motion is addressed in Issue 1 of this recommendation. Issue 2 asks whether pocket EAS should be implemented on the Branford to Trenton, Branford to High Springs, Branford to Newberry, or High Springs to Trenton routes.

The relevant exchange data is as follows:

EXCHANGE	LEC	LATA	ACCESS LINES EAS LINES	EAS CALLING SCOPE	BASIC RATES	EQUAL ACCESS
BRANFORD	ALLTEL	JAX	2,582 13,346 (w/EAS)	Dowling Park, Florida Sheriff's Boys Ranch, Live Oak, Luraville, Mayo, Wellborn	R-1 \$ 9.60 B-1 \$24.10 PBX \$45.85	No
HIGH SPRINGS	ALLTEL	JAX	3,075 88,450 (w/EAS)	Alachua, Fort White, Gainesville, Newberry	R-1 \$ 9.95 B-1 \$24.70 PBX \$47.20	No
TRENTON	SBT	G'VILLE	2,517 5,808 (w/EAS)	Chiefland	R-1 \$ 7.70 B-1 \$20.80 PBX \$46.97	Yes
NEWBERRY	SBT	G'VILLE	2,797 89,623 (w/EAS)	Alachua, Archer, Gainesville, High Springs	R-1 \$ 8.80 B-1 \$23.85 PBX \$53.68	Yes

Current AT&T daytime toll rates for the interLATA routes are as follows:

TO/FROM	MILEAGE	INITIAL MINUTE	ADDITIONAL MINUTE
Branford to Trenton	25	\$.28	\$.22
High Springs to Trenton	21	\$.265	\$.16
Branford to Newberry	30	\$.28	\$.22

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the Motion filed by Gilchrist County on September 7, 1989, which requests issuance of a proposed agency action order implementing EAS throughout Gilchrist County?

RECOMMENDATION: No. As discussed in Issue 2, the calling rates on the non-EAS routes are not sufficient to warrant implementation of county wide EAS.

STAFF ANALYSIS: On September 7, 1989, Gilchrist County filed a Motion Requesting Issuance of Proposed Agency Action Order (Attachment 3, Motion), along with a Draft of Proposed Agency Action Order Granting Countywide Extended Area Service (Attachment 4, Draft Order). As grounds for its Motion, Gilchrist County cites Rule 25-22.029, Florida Administrative Code. The Motion first notes that the Commission has previously used the proposed agency action process to require implementation of EAS in other dockets. The Motion then notes that the Commission has previously granted EAS without imposing additional customer charges. The Draft Order would implement countywide EAS throughout Gilchrist County, apparently at no increased cost to subscribers and without regard to the results of traffic studies performed in this docket.

The Motion filed by Gilchrist County should be denied. As explained at length in Issue 2, none of the non-EAS routes meet the threshold of Rule 25-4.060, Florida Administrative Code. Additionally, the contents of the Draft Order are neither legally nor factually sufficient to support the relief requested by the Motion.

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ISSUE 2: Should EAS be implemented from the Gilchrist County pocket of the Branford exchange to the Trenton, High Springs, and Newberry exchanges; and from the Gilchrist County pocket of the High Springs exchange to the Trenton exchange?

RECOMMENDATION: No, the pocket traffic studies revealed that the calling rates do not justify implementation of EAS on the remaining non-EAS toll routes in Gilchrist County.

STAFF ANALYSIS: As described in the Case Background section, Gilchrist County is comprised of portions of four exchanges - Trenton, Branford, Newberry, and High Springs. A LATA boundary splits the county, with the Branford and High Springs exchanges (ALLTEL) lying above the boundary in the Jacksonville LATA, and the Trenton and Newberry exchanges (Southern Bell) lying to the south of the boundary in the Gainesville LATA. The results of the original traffic studies revealed very little calling between the four exchanges, with the exception of the Newberry to Trenton route, which met the required criteria for M/M/Ms, but did not meet the required % making two or more calls per month criteria. An attempt to survey all customers in the four exchanges for countywide calling was blocked by the Gilchrist County Commission because they did not believe that such a survey would pass. Because all of the exchanges covering Gilchrist County only partially lie in the county, and the citizens of the county insisted that the calling within the county was extremely high, the Commission ordered the companies involved to conduct traffic studies from the Gilchrist County pockets of each of the four exchanges to each of the three other exchanges in the county.

Confidential treatment of the interLATA traffic data in this docket has been granted. The actual calling rates have not been provided in this recommendation. Staff will provide the traffic study results to the Commissioners upon request.

The route with the highest calling rate in both the initial (full exchange) traffic study and the pocket traffic study is the Newberry to Trenton route (an intraLATA route). In the initial study, the rate was 4.09 M/M/Ms, with 21.31% of the customers making two or more calls per month. The pocket study revealed calling from the Gilchrist County pocket of the Newberry exchange to the Trenton exchange amounting to 5.44 M/M/Ms, with 49.67% of the customers making two or more calls per month. As stated in the Case Background section, the Commission recently ordered Southern Bell, as part of the Rate Stabilization docket, to implement their EOEAS plan on the Newberry to Trenton route (Order No. 23200, issued July 16, 1990). The company was ordered

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to implement the plan at the following rates:

RESIDENCE OPTIONS

Premium (Option 2)	\$4.70
Discount (Option 3)	\$2.20
Incoming (Option 5)	\$4.95
Drop-Back (Option 4)	\$8.40

BUSINESS OPTION

Discount (Option 3)	\$ 4.40
Incoming (Option 5)	\$10.80
Drop-Back (Option 4)	\$22.90

ESSX/PBX TRUNK OPTIONS

Discount (Option 3)	\$ 8.80
Incoming (Option 5)	\$16.20

The pocket studies showed that calling from the Gilchrist County pocket of the Branford exchange to the Trenton exchange met the rule requirements for M/M/Ms, but did not come close to meeting the requirements for the percent of customers making two or more calls per month. Under some circumstances in the past, the Commission has ordered the implementation of Toll-Pac on routes that meet the M/M/M requirements but did not meet the percent making two or more calls requirement. In this instance, however, staff does not believe that such a recommendation is feasible, because the route in question is an interLATA route. The Commission has never required implementation of Toll-Pac on interLATA routes because such routes have been deemed competitive since divestiture, and most long distance companies have discount toll plans in effect. The situation from Branford to Trenton is further complicated by the existence of a step-by-step switch in the Branford exchange. Therefore, any type of discounted toll plan would have to be manually implemented through the billing system. ALLTEL plans to convert the switch in the Branford exchange by December 1991. For these reasons, staff recommends that no alternative to toll plan be implemented on the Branford to Trenton route.

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The pocket traffic studies reveal that the rest of the routes, both interLATA and intraLATA, have very low calling rates. Therefore, no alternative to toll plan is warranted on those routes.

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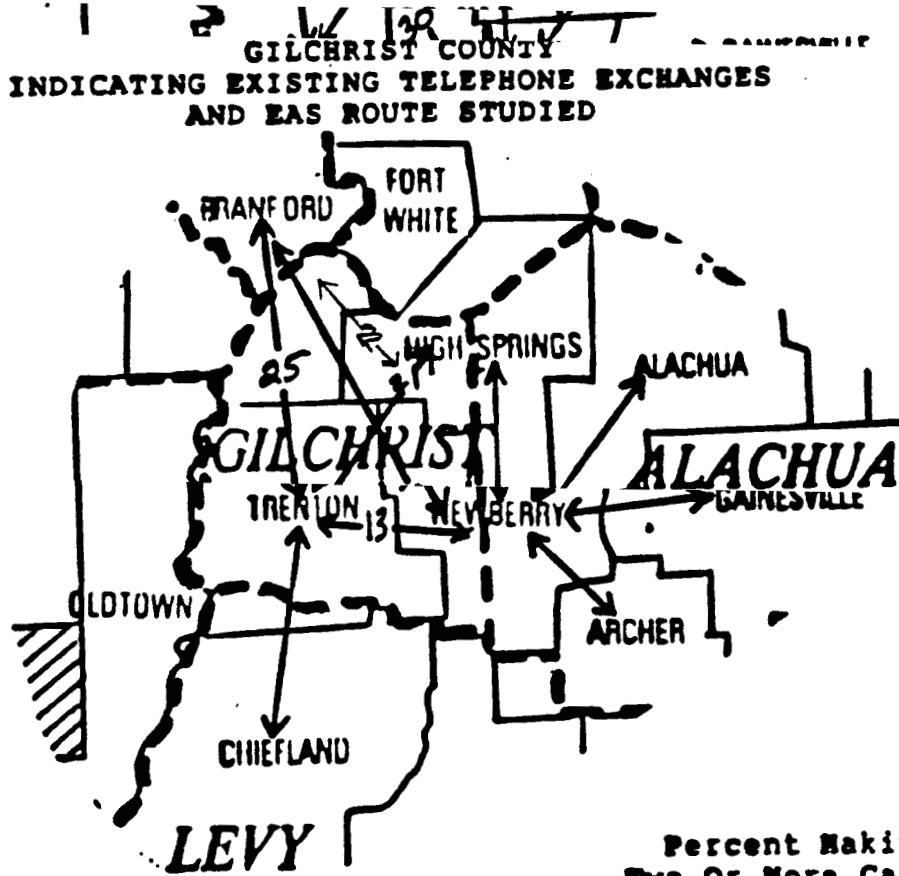
ISSUE 3: Should this docket be closed?

RECOMMENDATION: Yes, if no protest to the Proposed Agency Action issued in this matter is filed, this docket should be closed.

STAFF ANALYSIS: With the approval of staff's recommendations in Issues 1 and 2, if no protest to the PAA is filed, it is recommended that this docket be closed.

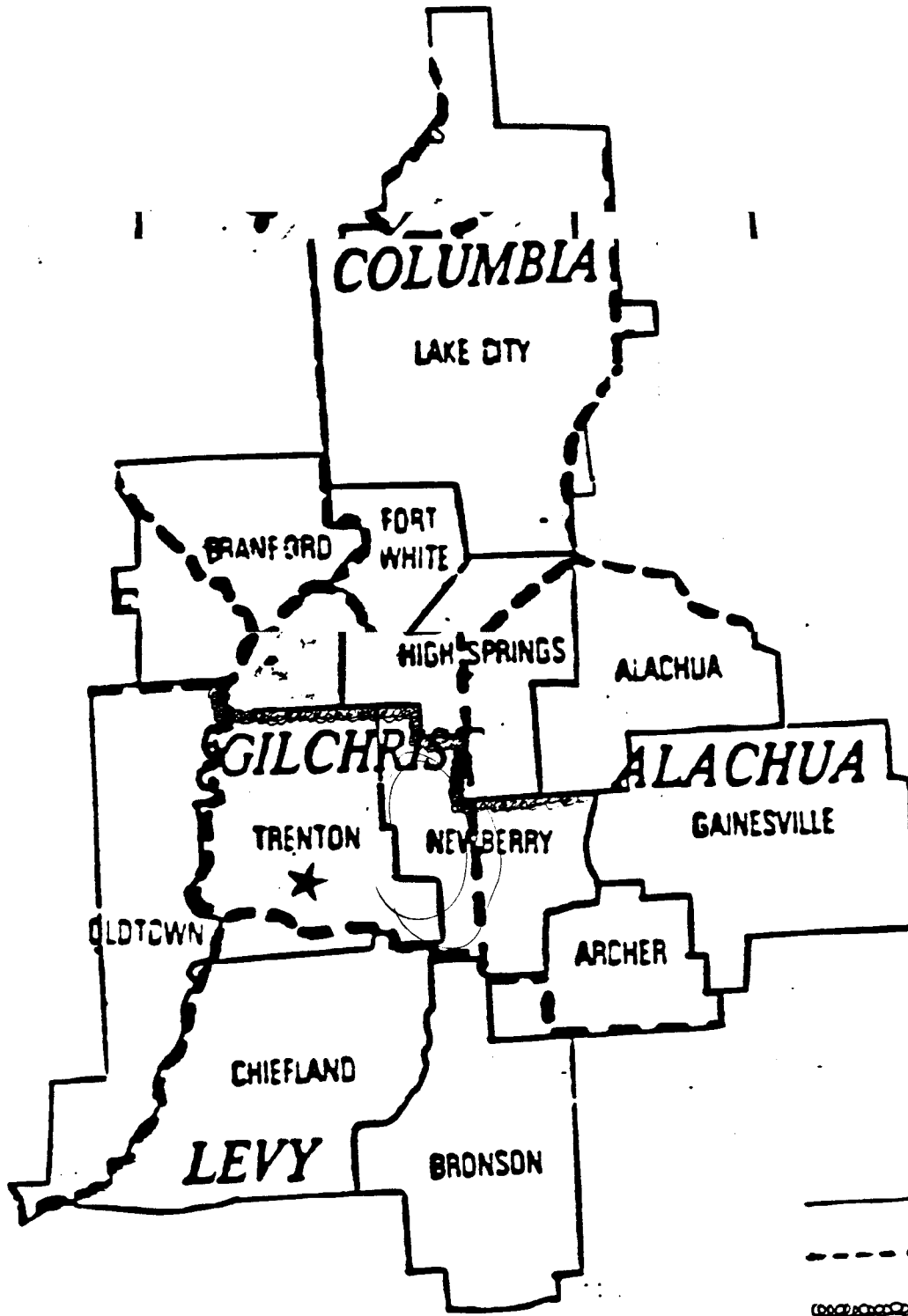
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<u>From</u>	<u>To</u>	<u>Mileage</u>	<u>M/M/M</u>	<u>Percent Making Two Or More Calls Per Month</u>
Trenton	Newberry	13	1.88	22.65
Newberry	Trenton	13	1.96	21.31

Legend
 <====> Present EAS
 <— —> Proposed EAS



———— EXCHANGE BOUNDARY
 - - - - - COUNTY BOUNDARY
 (---) LATA BOUNDARY

County	Exchange	MSTs (7/81)**		% of Exchange's MSTs In This County	% of County's MSTs In This Exchange
		In This Exchange	In This County		
Gilchrist	Branford(1)	1,772	89	5.82	0.99
	High Springs(2)	2,199	96	2.62	2.89
	Newberry	1,903	300	17.62	13.89

(1) Independent Company Exchange
 (2) County Seat
 N.A. Not Available
 (*) 1980 Data
 ** All MST figures are 7/81 except figures from General Tel (6/81); Continental (unknown); Winter Park, Orange City, Fla. Tel and United (8/81)

undersigned attorney hereby requests the Florida Public
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Extended Area Service Request Docket No.:
throughout Gilchrist County -Filed:

MOTION REQUESTING ISSUANCE OF PROPOSED AGENCY ACTION ORDER

Gilchrist County, Florida, by and through its
Service Commission to issue a proposed agency action order
granting extended area service throughout Gilchrist county.

1. Commission Rule 25-22.029 states that the
Commission may give notice of a proposed agency action at
any time subsequent to the initiating of a proceeding.

2. The Commission has previously used proposed agency
action orders for extended area service. For example, order
no. 20605 issued January 17, 1989 was a notice of proposed
agency action granting countywide extended area service in
Escambia County, Florida.

3. The Commission has also granted requests for
extended area service without imposing additional customer
charges. Order No. 20608 issued January 17, 1989 granted
extended area service between the Maxville/Clay Hill areas
~~and the Middleburg/Orange Park area.~~

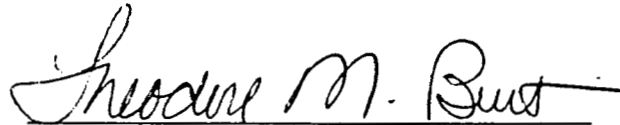
4. A draft of proposed agency action order granting

THEODORE M. BURT

countywide extended area service is attached to this motion.

WHEREFORE, Gilchrist County, Florida, requests the Commission to issue a proposed agency action order granting extended area service throughout Gilchrist County, Florida.

Respectfully submitted,



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Post Office Box 308
Trenton, Florida 32693
(904) 463-2348 or 472-4722
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ORDER NO. 17943

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

IN RE: Extended Area Service Request
throughout Gilchrist County

Docket No.:
Order No.:
Issued:

DRAFT OF PROPOSED AGENCY ACTION ORDER
GRANTING COUNTYWIDE EXTENDED AREA SERVICE

BY THE COMMISSION:

Order No. 17943 issued on August 6, 1987 directed Southern Bell Telephone & Telegraph Company (Southern Bell) and Alltel Florida, Inc. (Alltel) to conduct traffic studies on the areas affected by the resolution filed by the Board of County Commissioners of Gilchrist County, Florida. The resolution requested us to consider the implementation of countywide extended area service (EAS).

The traffic study submitted in response to that order did not provide sufficient information to make a determination on the feasibility of EAS in Gilchrist County. Therefore, Commission Order No. 20607 issued January 17, 1989, directed Alltel and Southern Bell to conduct a second traffic study.

We now have received the information from the companies and believe that it is appropriate to implement countywide extended area service within Gilchrist County.

We recognize that there is an economic impact to Southern Bell and Alltel as a result of implementing countywide EAS. However, our experience with cost

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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 high rates ensures the failure of a survey. Based on the community of interest throughout Gilchrist County we believe that EAS is warranted. Therefore we will waive Rule 25-4.062, Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the request for countywide extended are service filed by Gilchrist County is hereby granted.

IT IS FURTHER ORDERED that if there is no protest filed within the time frame set below the plan described herein shall be implemented within 60 days of the date of the order.