

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

MEMORANDUM

May 7, 1997

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF COMMUNICATIONS (COPRY, SHELFER, WIDELL) *Dir Ops 5/6 for KAW*
DIVISION OF LEGAL SERVICES (CULPEPPER) *MCB*

RE: DOCKET NO. 961238-TL - RESOLUTION BY SUWANNEE BOARD OF
COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE (EAS)
BETWEEN DOWLING PARK/LAKE CITY, FLORIDA SHERIFF'S BOYS
RANCH/ LAKE CITY, AND LURAVILLE/LAKE CITY.

AGENDA: MAY 19, 1997 - REGULAR AGENDA - DECISION PRIOR TO HEARING
- INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\961238TL.RCM

CASE BACKGROUND

EXCHANGE INFORMATION:

- This docket was initiated pursuant to Resolution No. 96-33 filed on August 6, 1996, by the Suwannee County Board of County Commissioners requesting extended area service (EAS) between the Dowling Park, Florida Sheriff's Boys Ranch, and Luraville exchanges and the Lake City exchange. All the exchanges are in the Jacksonville LATA (Local Access Transport Area). The Dowling Park, Florida Sheriff's Boys Ranch, and Luraville exchanges are served by ALLTEL, Florida, Inc. (ALLTEL), and the Lake City exchange is served by BellSouth Telecommunications, Inc. (BellSouth). Both companies are subject to regulation by this Commission pursuant to Chapter 364, Florida Statutes.
- ALLTEL has not opted for price regulation and remains under rate of return regulation, pursuant to Chapter 364.052(2), Florida Statutes.

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FPSC-RECORDS/REPORTING

- The Commission does not have the authority under Chapter 364, Florida Statutes, to require BellSouth, which has elected price regulation, to extend its calling areas (provide EAS) for requests made after July 1, 1995. Any decision to implement EAS from a BellSouth exchange will need to be made by BellSouth, rather than the Commission. Therefore, the Commission only required traffic information from ALLTEL.

PERTINENT ORDER:

- By Order No. PSC-96-1445-PCO-TL, issued December 2, 1996, the Commission ordered ALLTEL to conduct one-way traffic studies on the routes in this docket.

DEMOGRAPHIC DESCRIPTION:

The Dowling Park exchange is located in the northwestern portion of Suwannee County and is served by ALLTEL. This exchange covers approximately 36 square miles including the unincorporated areas of Lancaster. The subscriber density for the Dowling Park service area for October 1996 was estimated to be 35.03 customer access lines per square mile. This exchange is served by a Northern Telecom Remote Switch Concentrator (RSC) off the host DMS 100 switch located in the Live Oak exchange. The Dowling Park exchange has EAS to the Live Oak exchange, the county seat.

The Florida Sheriff's Boys Ranch exchange is located in the northern section of Suwannee County and is served by ALLTEL. This exchange covers approximately 34 square miles including the unincorporated areas of Fort Union. The subscriber density for the Florida Sheriff's Boys Ranch service area for October 1996 was estimated to be 15.9 customer access lines per square mile. This exchange is also served by a RSC off the Live Oak switch. The Florida Sheriff's Boys Ranch exchange has EAS to the Live Oak exchange, the county seat.

The Luraville exchange is located in the west-central portion of Suwannee County and is served by ALLTEL. This exchange covers approximately 118 square miles. The subscriber density for the Luraville service area for October 1996 was estimated to be 10.4 customer access lines per square mile. This exchange is also served by a RSC off the Live Oak switch. The Luraville exchange has EAS to the Live Oak exchange, the county seat.

The Lake City exchange is located primarily in the southern half of Columbia County and is served by BellSouth. This exchange is

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relatively self-sufficient. Major medical facilities, shopping, and other services would come from Jacksonville, though many of these amenities exist locally for the Lake City residents. Lake City is the County seat for Columbia County.

MILEAGE DATA:

Dowling Park/Lake City	37 Miles
Florida Sheriff's Boys Ranch/Lake City	28 "
Luraville/Lake City	30 "

DISCUSSION OF ISSUES

ISSUE 1: Do the calling rates on any of the routes qualify for a survey for nonoptional, flat rate, two-way extended area service (EAS)?

RECOMMENDATION: No. None of the routes qualify for a survey for nonoptional, flat rate, two-way EAS.

STAFF ANALYSIS: This docket was initiated pursuant to Resolution No. 96-33 filed on August 6, 1996, by the Suwannee County Board of County Commissioners requesting extended area service (EAS) between the Dowling Park, Florida Sheriff's Boys Ranch, and Luraville exchanges and the Lake City exchange. All the exchanges are in the Jacksonville LATA. The Dowling Park, Florida Sheriff's Boys Ranch, and Luraville exchanges are served by ALLTEL, Florida, Inc. (ALLTEL), and the Lake City exchange is served by BellSouth Telecommunications, Inc. (BellSouth).

ALLTEL is a rate base, rate-of-return regulated, local exchange company (LEC), pursuant to Chapter 364.052(2), Florida Statutes. The Commission retains jurisdiction over ALLTEL's EAS matters.

BellSouth, on the other hand, opted for price regulation. The Commission does not have the authority to require the Company to extend its calling areas (provide EAS) for requests made after July 1, 1995. Suwannee County's request was filed on August 6, 1996.

Rule 25-4.060(3)(a), Florida Administrative Code, requires a calling rate of at least three M/A/Ms (Messages per Access Line per Month) in cases where the petitioning exchange contains less than half the number of access lines as the exchange to which EAS is desired. This rule further requires that at least 50% of the subscribers in the petitioning exchange make two or more

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calls per month to the larger exchange to qualify for traditional EAS. The requested routes would be subject to this rule since the request originated with Suwannee County, and the access lines in the ALLTEL exchanges are less than half of the access lines in the Lake City exchange.

<u>Exchange</u>	<u>Access Lines</u>
Dowling Park	1,242
Florida Sheriff's Boys Ranch	483
Luraville	1,134
Lake City	24,783

ALLTEL was ordered to perform one-way traffic studies on routes from the Dowling Park, Florida Sheriff's Boys Ranch, and Luraville exchanges to BellSouth's Lake City exchange. The study results are:

<u>ROUTE</u>	<u>M/A/M</u>	<u>% CUSTOMERS 2 OR MORE CALLS</u>
Dowling Park to Lake City	1.66	23.51
Florida Sheriff's Boys Ranch to Lake City	3.32	40.58
Luraville to Lake City	3.69	43.56

The Florida Sheriff's Boys Ranch and Luraville routes met the three or more M/A/Ms, but failed to meet the distribution requirement that at least 50% of the customers make two or more calls each month. {Rule 25-4.060(3)(a), F.A.C.} Therefore, none of the routes qualify to be surveyed for nonoptional, flat rate, two-way EAS. Attachment A is a summary of the study results.

ISSUE 2: Should the Commission schedule a hearing, on its own motion, to determine if some type of toll relief plan is in the public interest, on the routes from the Florida Sheriff's Boys Ranch and Luraville exchanges to the Lake City exchange?

RECOMMENDATION: Yes. The Commission should schedule a hearing on its own motion, to determine if some type of toll relief plan should apply on the routes from the Florida Sheriff's Boys Ranch and Luraville exchanges to the Lake City exchange.

STAFF ANALYSIS: The calling rates on the Florida Sheriff's Boys Ranch and Luraville exchanges met the three M/A/Ms requirement but failed to meet the 50% distribution required in Rule 25-4.060(3)(a), F.A.C. Historically, the Commission has considered the \$.25 calling plan or the ECS plan on routes that met the

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calling rate and exhibited a substantial showing on the distribution requirement.

Currently, ALLTEL has the \$.25 calling plan on the following routes:

Hilliard to Jacksonville*	Waldo to Starke**
Branford to High Springs	Waldo to Lawtey**
High Springs to Branford	Crescent City to Palatka*
Brooker to Lawtey**	Interlachen to Melrose
Brooker to Starke**	Melrose to Interlachen
Lake Butler to Lake City*	Interlachen to Orange Springs
Lake Butler to Starke*	Orange Springs to Interlachen
Waldo to Keystone Heights*	

*BellSouth exchange

** Sprint/Centel exchange

On each of the above routes, the \$.25 calling plan or the ECS plan (\$.25 per message for residential and \$.10/.06 per minute for businesses) applies in the reverse direction. In the past, the Commission has not ordered any one-way routes on the \$.25 and ECS plans. Staff believes, with the changes in Chapter 364 (1995) and the federal Telecommunication Act of 1996, that the Commission should revisit EAS and ECS one-way routes (originating with an ROR LEC but terminating with a price cap LEC). Staff is not proposing that the current structure would be the correct one for one-way routes, just that some type of toll relief might be appropriate.

For example, if the Commission were to order ALLTEL to implement the \$.25 message plan on calls from the Florida Sheriff's Boys Ranch and Luraville exchanges to the Lake City exchange, ALLTEL would have to pay BellSouth some type of compensation for terminating the calls. Currently, BellSouth's terminating access charge is \$.0263 per minute. Therefore, a message that exceeded 9.5 minutes would be more than the \$.25 message charge, and not allow any contribution for billing and collecting (i.e., 9.5 minutes X \$.0263 = \$.24985).

The question is whether any type of toll relief plan would be appropriate given today's competitive environment, the different statutory provisions of price cap LECs vs rate-of-return LECs, and the economic conditions. Staff believes setting the matter for hearing, affording all parties an opportunity to be heard, is the appropriate means to resolve the issue.

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ISSUE 3: Should this docket be closed?

RECOMMENDATION: If the Commission approves staff's recommendation in Issues 1 and 2, this docket should remain open and be scheduled for hearing. Should the Commission approve Issue 1 and deny Issue 2, then this docket should be closed.

STAFF ANALYSIS: The calling rates on all the requested routes in this docket do not qualify to be surveyed for nonoptional, flat rate, two-way extended area service. In Issue 2, staff is recommending that the Commission, on its own motion, schedule the one-way routes from the Florida Sheriff's Boys Ranch and Luraville exchanges to the Lake City exchange for hearing. The hearing would be for the purpose of determining if some type of toll relief plan is in the public interest, how it should be rated, and what would be a reasonable terminating charge, given the current competitive environment and economic conditions.

047-ALLTEL FLORIDA, INC.
 ONE-WAY CALLING RATES
 SCHEDULE I
 NOT INCLUDING FX
 DOCKET NO. 961238-TL, ORDER NO. PSC-96-1445-PCO-TL

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<u>NOT INCLUDING FX</u> <u>STUDY ROUTE</u>	<u>CALLING MAINS</u>			<u>MESSAGES</u>			<u>M/A/M</u>			<u>% CUSTOMERS MAKING 2 OR MORE CALLS</u>		
	<u>BUS</u>	<u>RES</u>	<u>COMB</u>	<u>BUS</u>	<u>RES</u>	<u>COMB</u>	<u>BUS</u>	<u>RES</u>	<u>COMB</u>	<u>BUS</u>	<u>RES</u>	<u>COMB</u>
PART I - ROUTES OVER 3.00												
1. Luraville to Lake City	67	1,067	1,134	319	3,863	4,182	4.76	3.62	3.69	41.79	43.67	43.56
2. FI Sheriff's Boys Ranch to Lake City	125	358	483	271	1,331	1,602	2.17	3.72	3.32	29.60	44.41	40.58
PART II - ROUTES 2.99 to 2.00												
3. None												
PART III - ROUTES 1.99 to 1.00												
4. Dowling Park to Lake City	283	959	1,242	283	1,775	2,058	1.00	1.85	1.66	14.49	26.17	23.51
PART IV - ROUTES BELOW .99												
5. None												

SOURCE: BILLING DISTRIBUTION STUDIES - BILLING PERIOD: OCTOBER, 1996

Attachment A