

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

September 25, 1997

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

FROM: DIVISION OF COMMUNICATIONS (SHELPER)
DIVISION OF LEGAL SERVICES (CULPEPPER)

RE: DOCKET NO. 941281-TL- PETITION BY SUBSCRIBERS OF THE GROVELAND EXCHANGE FOR EXTENDED AREA SERVICE (EAS) TO THE ORLANDO, WINTER GARDEN AND WINDERMERE EXCHANGES.

AGENDA: OCTOBER 7, 1997- REGULAR AGENDA - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\941281TL.RCM

CASE BACKGROUND

This docket was initiated pursuant to a petition filed on November 11, 1994, by the subscribers of the Groveland exchange requesting extended area service (EAS) to the Orlando exchange. The Winter Garden and Windermere exchanges were included to prevent leapfrogging. The Groveland, Windermere, and Winter Garden exchanges are served by United Telephone Company of Florida (United), and the Orlando exchange is served by BellSouth Telecommunications, Inc. (BellSouth). The Groveland exchange is located in the Gainesville LATA (local access and transport area) and the Windermere, Winter Garden and Orlando exchanges are located in the Orlando LATA.

By Order No. PSC-95-0875-FOF-TL, in Docket No. 941281-TL, issued July 19, 1995, the Commission set this matter for hearing to consider community of interest criteria other than traffic data.

On April 18, 1996, the Commission held public and technical hearings.

By Order No. PSC-96-1033-PCO-TL, issued August 8, 1996, in this docket, the Commission ordered the parties to file briefs regarding the issue of the feasibility of implementing either extended area service (EAS) or extended calling service (ECS) on

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the Groveland to Orlando interLATA route based on Sections 271 and 272 of the Telecommunications Act of 1996 (Act). Thereafter, by Order No. PSC-96-1335-FOF-TL, issued November 5, 1996, the Commission ordered staff to conduct a staff workshop in order to gather additional information and to allow the parties in all affected toll relief dockets an opportunity to participate. Staff conducted the workshop on November 18, 1996, and the participants were asked to file post-workshop comments.

On May 30, 1997, by Order No. PSC-97-0620-FOF-TL, the Commission determined that the Act appeared to prohibit BellSouth from originating interLATA traffic. Furthermore, the Commission found that although a BellSouth affiliate could carry interLATA EAS or ECS traffic, pursuant to Section 364.385(2), Florida Statutes, the Commission would not be able to order such an affiliate to implement what would be considered a basic service because only LECs may be required to provide basic services. The Commission, therefore, ordered that post-hearing action in this docket be suspended pending a hearing on the issue of whether one-way toll relief was appropriate.

On July 15, 1997, the Federal Communications Commission (FCC) issued Order 97-244 which indicates that the FCC will continue to consider requests for waiver of the LATA boundaries in order to allow the provision of flat-rate, non-optional local calling service.

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DISCUSSION OF ISSUES

ISSUE 1: In light of the FCC's July 15, 1997, Order 97-244, should the Commission proceed with consideration of the evidence in this docket?

STAFF RECOMMENDATION: Yes. FCC Order 97-244 indicates that the FCC will continue to consider requests for waiver of the LATA boundaries in order to allow the provision of flat-rate, non-optional local calling service. Thus, staff recommends that the Commission proceed with consideration of the evidence in this docket.

STAFF ANALYSIS: By Order No. PSC-97-0620-FOF-TL, the Commission decided to postpone a post-hearing decision in this docket pending its determination of whether one-way interLATA toll relief was feasible. The Commission determined that it was appropriate to suspend further action in this docket because of the Act's provisions prohibiting BOCs from originating interLATA traffic until the BOCs have met the requirements of Section 271 of the Act. In a separate order, Order No. PSC-97-0622-FOF-TL, issued May 30, 1997, the Commission ordered that the issue of the feasibility of one-way ECS be set for hearing.

On July 15, 1997, the FCC issued Order 97-244. That order addressed several petitions for modification of LATA boundaries to allow Ameritech, Bell Atlantic, BellSouth, Southwestern Bell, and US West to provide expanded local calling service. Therein, the FCC determined that the need for certain expanded local calling routes outweighed any anticompetitive risks, and therefore, it approved 23 of the requests to modify LATA boundaries. In approving these requests, the FCC emphasized that the LATAs were being modified solely to allow the BOCs to offer non-optional, flat rate local calling service. Any other types of service offered between the identified exchanges would still be considered interLATA. See FCC Order 97-244 at ¶ 19. In addition, in Section V of Order 97-244, Future LATA Modification Requests, the FCC set forth specific guidelines to assist BOCs in filing future LATA modification petitions.

In view of the FCC's apparent willingness to continue to consider requests for modification of LATA boundaries to allow BOCs to provide expanded local calling, staff recommends that the

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Commission proceed with consideration of the record evidence in this docket.

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ISSUE 2: Is there a sufficient community of interest from the Groveland exchange to the Orlando, Winter Garden, and Windermere exchanges to justify surveying for nonoptional EAS as defined in the Commission's rules, or implementing an alternative interLATA toll plan?

STAFF RECOMMENDATION: Yes. Based on the testimony of the Groveland subscribers, staff believes there is a sufficient community of interest to warrant surveying the Groveland subscribers for nonoptional EAS to the Orlando, Winter Garden and Windermere exchanges. Since the Winter Garden and Windermere exchanges were included to avoid leapfrogging, staff believes it is appropriate to have only one ballot which includes all three exchanges.

POSITION OF PARTIES:

SUBSCRIBERS: Yes. The Subscribers of the Groveland exchange believe that there are sufficient community of interest factors to implement nonoptional EAS. Alternative interLATA toll plans do not appear to be a viable option under present Federal prohibitions.

BELLSOUTH: BellSouth has no pertinent traffic data and can, therefore, take no position as to whether a community of interest exists to justify surveying for non-optional flat rate EAS. If the Commission orders an alternative plan, the ECS Plan is the most appropriate.

UNITED: Traffic on the Groveland to Orlando route satisfied the M/A/M criteria, but fell short of the distribution requirement in Commission Rule 25-4.060(3); therefore, there is an insufficient interest under the rule.

STAFF ANALYSIS: The Subscribers contend that there is a sufficient community of interest in the Groveland exchange to warrant balloting for nonoptional EAS to the Orlando, Winter Garden and Windermere exchanges. Of the 55 citizens who testified during the public hearings about the community of interest factors, all but three supported the request for nonoptional EAS (TR 11-76 and TR 190-219). The Subscribers state that EAS was supported with full knowledge that it would require a rate increase. (Timmons, TR 21; Smith, TR 130; Fulmer, TR 145; and Savage, TR 199-200). The Subscribers assert in their brief that the Groveland exchange depends on the Orlando, Winter Garden and Windermere exchanges for their medical services, business services and personal needs.

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The Subscribers argue in their brief that, as demonstrated during the public hearing, the Groveland exchange overwhelmingly believes that there is a sufficient community of interest to grant nonoptional EAS. The brief states that these witnesses testified about numerous factors which reasonably demonstrate a community of interest between the Groveland exchange and the Orlando, Winter Garden and Windermere exchanges.

The Subscribers contend that many of the Groveland residents utilize doctors, dentists and hospitals in the Orlando, Winter Garden and Windermere exchanges. (Hall, TR 195-196; Harrell, TR 204-205; and Wolf, TR 212) In addition, some Groveland residents who work in Orlando are required by their employee provided health insurance (HMOs) to use doctors who are located in the Orlando area. (Reid, TR 48) Public witnesses also testified about problems and related toll charges when put on "hold" while trying to reach their doctors in Orlando. (Anderson, TR 19 and Kurfiss, TR 202-203) The Subscribers contend that there are people who require specialists in Orlando as recommended by their doctors (Anderson, TR 19) and those whose specialists are associated with their HMOs in Orlando (Woods, TR 214-215).

The Subscribers argue that the community of interest is not only from Groveland to the Orlando area but also in the reverse direction. There are many Orlando, Winter Garden and Windermere residents who work in the Groveland exchange area (Stephens, TR 15). These people also pay toll charges to communicate between the Orlando area and the Groveland exchange. In their brief, the Subscribers state that several Groveland businesses indicated that their employees from the Orlando area need to call into the Orlando, Winter Garden and Windermere exchanges on a daily basis. Witness Fulmer stated in his testimony that 34 percent of his employees reside in the Orlando, Winter Garden and Windermere exchange areas and because of school age children, doctors and emergencies, those employees have a need to call from work to those exchanges from the Groveland area. (TR 142-143) In Witness Peters' testimony, he stated that nine out of ten of his employees live in the Orlando, Winter Garden and Windermere exchanges and have similar needs. (TR 84)

Several witnesses testified that they have modified their telephone behavior to avoid the toll charges to the Orlando area. Residents testified to using cellular phones (Reid, TR 48-49), the public telephones in Clermont, or visiting family and friends in the Clermont exchange (Clermont has toll-free calling to Orlando) (Losey, TR 193), or using a form of call forwarding which is expensive (McKinney, TR 211-212) to avoid toll charges.

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In their brief, the Subscribers state that all of these witnesses expressed to some degree their sense of frustration with the present situation, as they depend on being able to communicate with people in the Orlando, Winter Garden and Windermere exchange for many essential elements of their lives. In addition, the Subscribers state that since it is long distance between the Groveland and Orlando exchanges, they are isolated from their friends and family who work or live in the Orlando area. (Ferrell, TR 206)

The Subscribers argue that it is obvious that businesses in the Groveland exchange have a regular and recurring need to maintain contact with businesses, suppliers, customers, etc., in these other exchanges. From large businesses such as trucking corporations (Fulmer, TR 97-101), hospitality suppliers such as Marriott Distributions and American Hotel Register (Hayden, TR 97-101 and Peters, TR 83-85), and Cherry Lake Farms an international tree farm and nursery operation with over 200 employees (Tighe, TR 62-67), to small realty businesses and other family operated businesses (Wright, TR 87-91; Whitaker, TR 132-134; Hamilton, TR 205-206), funeral homes (Kurfiss, TR 202), and churches (Moore, TR 203-204), they all expressed the need to maintain regular contact for the benefit of their customers and businesses. These businesses acknowledge that they depend on professionals and suppliers within the Orlando, Winter Garden, and Windermere exchanges for services and supplies. (Hayden, TR 100; Fulmer, TR 144) Witness Turner for the People's State Bank of Groveland noted in his testimony that the bank's professionals, computer company, correspondent and participating banks, loan customers, and employees living in these areas all indicate strong and varied community of interests. Witness Turner also noted, as other businesses did, that their anticipated expansion would continue to enlarge the community of interest between the referenced exchanges. (TR 92 -95) Witness Williams of Sumter Electric indicated in his testimony that his company makes and receives numerous calls from developers of new projects between the Orlando, Winter Garden and Windermere exchanges, thus evidencing further contact between the areas and additional community of interest which the Commission should consider. (TR 103)

To further support the Subscribers' position, various governments in the Groveland exchange also agreed that there is a sufficient community of interest. (Sherbourne, TR 69; Thompson, TR 108-109; and Sloan, TR 56) The Board of County Commissioner's for Lake County supported the subscriber's petition for EAS by also passing a resolution requesting EAS from the Groveland exchange to the Orlando exchange. (EXH 2) In addition, Witness

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Cadwell, who is coordinator of Lake County Economic Development, stated in his testimony that EAS would greatly assist in locating potential new businesses in the Groveland exchange area. The witness stated that they market themselves as being in the Metro-Orlando region. He further indicated that granting EAS would allow both the businesses and the individuals to have freer access to services, goods and the markets in the area comprising the Orlando, Winter Garden and Windermere exchanges. (TR 125-127)

If EAS was determined not to be appropriate, the Subscribers did not believe that an alternative toll plan would be a reasonable option because of federal prohibitions. (Shelfer, TR 36; Carver, TR 37; and Stanley, TR 113) BellSouth indicated that specific criteria had to be met before it could compete in the interLATA market, and it did not know when these criteria would be met. (Carver, TR 37) Because of the federal requirements for BellSouth, the Subscribers argue in their brief that the failure to grant balloting to determine the support of the people in the Groveland exchange would apparently mean no relief.

BellSouth has taken no position on this issue for two reasons: 1) the only route at issue in this docket that involves a BellSouth exchange is Groveland to Orlando (Orlando is a BellSouth exchange); 2) because the Groveland to Orlando route is interLATA, BellSouth has no data regarding traffic over this route. Witness Stanley states that without traffic data, BellSouth is unable to determine whether a sufficient community of interest exists on this route to justify nonoptional, flat rate EAS. (TR 112) Accordingly, BellSouth has taken no position as to whether EAS is appropriate.

United argues that based on Rule 25-4.060(3), the routes in this docket do not warrant balloting for flat rate EAS. (Harrell, TR 164) Two traffic studies were conducted on the routes at issue in this docket. The original traffic study was conducted in October 1994 (EXH 7), and a second study was conducted in March 1995 (EXH 8). Witness Harrell states that both traffic studies reflected sufficient messages per access line per month (M/A/MS) on the Groveland to Orlando route. However, the frequency distribution, or number of subscribers making 2 or more calls per month fell short of the minimum requirements. The witness also states that the remaining routes (Groveland to Winter Garden and Windermere) failed to meet either of the minimum requirements. (TR 162)

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United contends that the failure of the routes at issue in this docket to pass the distribution requirement shows that there are a few large users that make multiple calls, but that there is not a majority that makes enough calls to justify EAS. It further states that the March 1995 traffic study showed that:

- 41% of residence customers did not make any calls.
- 52% of residential customers make fewer than 2 calls per month. (Harrell, TR 163)

United argues in its brief that these statistics are important, because under nonoptional EAS, all customers must pay an additive and regrouping charges, even though less than a majority of the customers actually make enough calls to support a strong community of interest. Witness Harrell states that the implementation of nonoptional EAS allows high volume users to benefit at the expense of low volume users. And, generally, business customers benefit at the expense of residential customers. (TR 163)

In its brief United points out that the Commission has historically used the mathematical requirements in the rule to determine community of interest standards and traffic studies as the basis for defining whether a community of interest exists. The advantage of this approach is that it allows the Commission to base its decision on empirical evidence and reduces the risk of inconsistencies that can arise when subjective factors are considered. United further states in its brief, that in many previous Commission proceedings, the failure of routes to pass the numerical criteria in the rule resulted in a finding that no community of interest exists.

United contends that calling patterns on these routes do not support EAS. Instead, United believes extended calling service (ECS) should be implemented. ECS would place the burden of paying for calls on those customers who are placing the calls. (Harrell, TR 162)

United also disagrees that the Windermere exchange should be included because of leapfrogging. (Harrell, TR 165) Witness Harrell stated that since the Windermere exchange would be involved only when calls from the southernmost point of the Groveland exchange were placed to the Orlando exchange, the Company does not believe that the Windermere exchange should be included. Staff disagrees. (TR 165) In fact, staff argues that the Windermere exchange boundary, which is illustrated in document 2 of Harrell's composite exhibit, indicates that more

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than 50% of the area in the Windermere exchange would be leapfrogged if it were omitted. (Pierson, TR 178)

Staff agrees with the Subscribers that sufficient evidence was presented at the hearing to warrant balloting the Groveland exchange for nonoptional EAS to the Orlando, Winter Haven and Windermere exchanges. The testimony of the witnesses indicated that the Groveland exchange has a significant community of interest with these areas. This was evident by the number of Groveland residents who stated that they depended on the Orlando, Winter Haven and Windermere areas for employment (Stephens, TR 15; Fulmer, TR 142-143; Peters, TR 84), medical facilities such as doctors, dentist and hospitals (Hall, TR 195-196; Harrell, 204-205; Wolf, TR 212; Reid, TR 48; Woods, TR 214-215), and goods and services.

To further emphasize the importance of the Orlando area to the Groveland subscribers, Witness Reid testified that her employees' insurance (HMO) requires her to use Orlando doctors. (TR 48) Other subscribers complained of having to call their doctors long distance only to be put on hold while waiting to make an appointment or speak to a doctor. (Anderson, TR 19 and Kurfiss, TR 202-203)

Witnesses testifying on behalf of businesses in Groveland also expressed a need for "regular" and "recurring" calls to the Orlando, Winter Haven, and Windermere areas for suppliers, customers, and other service related business. (Fulmer, TR 97-101; Tighe, TR 62-67; Wright, TR 87-91; Whitaker, TR 132-134; Hamilton, TR 205-206; Kurfiss, TR 202; Moore, 203-204; Hayden, TR 100; Turner, TR 92-95; and Williams, TR 103) Evidence was also presented that the Orlando area was the closest supplier for many of the goods and services required to conduct business in Groveland. (Hayden, TR 100 and Fulmer, TR 144)

Testimony was also presented that many of the businesses in Groveland employ people who live in the Orlando, Winter Haven and Windermere areas. These employees commute to Groveland for work, but it is long distance for them to call home to check on school age children, doctors or an emergency. (Stephens, TR 15-16; Fulmer, TR 142; Peters, TR 84-85) This further confirms the need for Groveland to have access to the Orlando, Winter Haven and Windermere areas. This confirms that the community of interest is not merely in one direction, at least during the work day hours.

Witnesses also stated that because of the toll charges into the Orlando, Winter Haven and Windermere exchanges they have

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modified their calling behavior. Witness Reid stated that she uses her cellular phone instead of calling long distance. (TR 48-49) Another witness stated he subscribed to call forwarding, but it was an expensive alternative. (McKinney, TR 211-212) Other witnesses stated they would wait until they went to Clermont (a nearby exchange with toll-free calling to Orlando) and make calls from friends' homes or payphones. (Losey, TR 193)

Local governments were also supportive of EAS between Groveland and the Orlando, Winter Garden and Windermere exchanges. Of those presenting testimony in support of EAS, the Lake County Board of Commissioner's filed a resolution in support of EAS (EXH 2), and Witness Jackson for the Lake County Economic Development (TR 125-127), Mayor Thompson of the City of Groveland (TR 108-109), Councilman Everett of Groveland (TR 219), and Mayor Sloan of Mascotte (TR 56) all support EAS to the Orlando area. In addition, acting Postmaster Brooks stated that Groveland had close ties with the post office in the Orlando area. (TR 52-53)

The Subscribers also noted that if the Commission considers a plan other than EAS, federal interLATA requirements for BellSouth could doom the hopes of the Groveland exchange for any real and immediate relief. (Stanley, TR 114) This is evident by the Mt. Dora exchange, which has been waiting since 1991 to get \$.25 calling to Orlando. (Shelfer, TR 36)

Staff believes the testimony presented in this docket has demonstrated that a sufficient community of interest exists to ballot the Groveland subscribers for nonoptional EAS to the Orlando, Winter Haven, and Windermere exchanges. Since the Winter Haven and Windermere routes were included to avoid leapfrogging, staff believes it is appropriate to have only one ballot including all three exchanges (Orlando, Winter Haven, and Windermere).

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ISSUE 3: What other community of interest factors should be considered in determining if either an optional or nonoptional toll alternative should be implemented on these routes?

STAFF RECOMMENDATION: Other factors could include location of schools, fire and police departments, medical and emergency facilities, access to local government, location of workplace, access to good and services, such as shopping centers, and location of social activities (theater, sports, etc).

POSITION OF PARTIES:

SUBSCRIBERS: Individuals, businesses and employees in the Groveland exchange must utilize doctors, hospitals, businesses, suppliers, professionals, etc. in the Orlando, Winter Garden, and Windermere exchanges. They have a strong need to contact family members from work or home in the Groveland exchange to the Orlando, Winter Garden, and Windermere exchanges.

BELLSOUTH: BellSouth has no position.

UNITED: Schools, fire/police departments, medical/emergency facilities and county government are located in Lake County and can be accessed toll free. Therefore, these traditional factors are not applicable for the implementation of flat-rate, non-optional EAS on the Groveland to Orlando route.

STAFF ANALYSIS: The Subscribers contend that the community of interest factors provided by Witness Harrell were incomplete. (Harrell, TR 165) This was acknowledged in the witness's response during cross-examination that these were not the only community of interest factors that could be considered. (TR 175) The Subscribers argue that, without question, all of the prefiled testimony witnesses presented on behalf of the subscribers and virtually all of the public witnesses who testified in favor of EAS stated reasons that they believe establish a sufficient community of interest. (TR 11-76, TR 83-153, TR 193-219)

In support of the Subscribers' position, Witness Fulmer stated in his testimony that he was originally told by United that he would be located in the Clermont exchange and thus would not incur long distance charges on calls between his Lake County location and the Orlando, Winter Garden, and Windermere exchanges. The witness was even assigned a specific Clermont telephone number. (TR 143-144, 146-147) It was only after the purchase of the land that it was discovered that the business was not located in the Clermont exchange but was actually located in the Groveland exchange. The witness stated that since he

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averages 2,500-2,600 calls per month to Orlando and from 2,000-2,500 inbound calls on his 800 number, this was a significant mistake. (TR 151)

As illustrated at length in Issue 2, the Subscribers believe there are numerous factors that demonstrate a significant community of interest exists between the Groveland exchange and the Orlando, Winter Haven, and Windermere exchanges. To name a few: the location of medical facilities, workplace, goods and services.

BellSouth has taken no position on this issue. However, Witness Stanley stated in his testimony that he was not aware of any other significant community of interest consideration that would justify flat rate EAS. (TR 112)

United disagrees with the Subscribers. United contends that the basic community of interest factors such as schools, fire/police departments, medical/emergency facilities and county governments are already accessible toll-free within Lake County. Therefore, these traditional community of interest factors do not support the implementation of flat rate, nonoptional EAS on the Groveland to Orlando route. (TR 165)

In addition United disagrees with staff's inclusion of the Windermere exchange as a leapfrogged route. Witness Harrell states that she would agree that the Winter Garden exchange should be included with any offering of EAS with the 25/25 plan and regrouping but not the Windermere exchange. (Harrell, TR 165) As noted in Issue 2, Witness Harrell states that since the Windermere exchange would be involved only when calls from the southern most point of the Groveland exchange were placed to the Orlando exchange, United does not believe the Windermere exchange should be included. (TR 165)

United also contends that while a large number of customers attended the public hearing, the presence of a large number of customers, by itself, should not be a determining factor. Several of the witnesses expressed opposition to the EAS plan. (Wolf, TR 23; Hodges, TR 31-32, Schmidt, TR 55) United argues that as noted by Witnesses Wolf and Schmidt, there is a large retiree population that neither needs nor wants nonoptional EAS, and that businesses that relocated to Groveland did not have EAS when they decided to move to Groveland. (Schmidt, TR 55) United states that 800 numbers and other calling plans are available for those who choose to take advantage of them. (Wolf, TR 23)

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United also argues that the experience of the Carroll Fulmer Group, Inc., who received a Clermont number in error, should not be used as evidence in favor of a nonoptional plan (Fulmer, TR 143-144) While Mr. Fulmer may have been given erroneous information about his phone number and local calling scope, United argues that Witness Harrell's cross-examination testimony was correct. The information Mr. Fulmer was apparently given was not given to him by an employee of United, but as indicated in EXH. 9 by an employee of a long distance company. While the experience of the Fulmer Company was unfortunate, it is not relevant to the issues in this case.

Staff agrees with the Subscribers that location of schools, fire and police departments, medical and emergency facilities, and access to local government are not the only community of interest factors that should be considered. Many witnesses indicated that their place of employment, and doctors, dentists and hospitals were located in the Orlando, Winter Haven and Windermere areas. (Hall, 195-196; Harrell, 204 -205; Wolf, TR 212; Reid, TR 48; Woods, TR 214-215). Businesses testified they need to have regular access to these areas to contact suppliers, customers, and other businesses for goods and service. (Fulmer, TR 97-101; Tighe, TR 62-67; Wright, TR 87-91; Whitaker, TR 87-91; Hamilton, TR 205-206; Kurfiss, TR 202; Moore, TR 203-204; Hayden, TR 100; Turner, TR 92-95, Williams, TR 103)

Staff also disagrees with United's statement that while a large number of customers attended the public hearing, the presence of a large number of customers, by itself, should not be a determining factor. It is staff's opinion that a large turnout is an indication that the majority of the customers are in favor of EAS. This was evident by the large number of customers testifying in favor of EAS, and the small number in opposition (55 in favor/3 against).

Staff also has concerns with the incorrect information that Witness Fulmer received when purchasing property in Groveland for his trucking business. The witness was told he was located in the Clermont exchange and was even given a Clermont telephone number. (TR 143-144, 146-147) Once it was determined that the trucking company was located in the Groveland exchange, the witness was given a Groveland number. This occurred after the witness had committed to purchasing the land. (TR 146) United contends that this was the error of a long distance company and not United as evident in EXH 9. However, since United assigns all local telephone numbers, such as the 394-0000, staff finds it unusual that a long distance company would have

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provided this telephone number without the involvement of the local exchange company.

As discussed briefly in Issue 2, staff disagrees with United's interpretation of what constitutes leapfrogging. Staff would agree that determining which routes are leapfrogged is somewhat subjective, but in this case, we firmly believe that both the Winter Haven and Windermere exchanges are leapfrogged. Witness Harrell states that since the Windermere exchange would be involved only when calls from the southernmost point of the Groveland exchange were placed to the Orlando exchange, United does not believe the Windermere exchange should be included. (TR 165) However, in staff's cross-examination, we indicated that it was our opinion that at least 50% of the Groveland exchange would be involved if the Windermere exchange was not included, not just the southernmost point. (Harrell, TR 178)

In conclusion, staff believes that community of interest factors may include location of schools, fire and police departments, medical and emergency facilities, access to local government, location of workplace, access to goods and services, such as shopping centers, and location of social activities (theater, sports, etc).

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ISSUE 4: If a sufficient community of interest is found on any of these routes, what is the economic impact of each plan on the customer and the company (summarize in chart form and discuss in detail)?

- a) EAS with 25/25 plan and regrouping;
- b) InterLATA toll alternative plan; and
- c) Other (specify)

STAFF RECOMMENDATION:

- a) If EAS with the 25/25 plan and regrouping were approved on these routes, the residential rates would increase from \$8.37 to \$12.60, an increase of \$3.87. Business customer's rates would increase from \$20.47 to \$29.60 an increase of \$9.13.
- b) If ECS was approved, the subscribers in the Groveland exchange would not realize an increase in basic local rates. However, if a customer chose to use ECS, residential customers would be charged \$.25 per call regardless of duration, and business calls would be rated at \$.10 for the first minute and \$.06 for each additional minute.
- c) Staff does not support any other plans.

POSITION OF PARTIES:

SUBSCRIBERS:

- a) Subscribers in the Groveland exchange would be charged an additive to their standard monthly rate. Subscribers in the Orlando, Winter Garden and Windermere exchanges would have no change to their local rate. United would not fully recover its costs for the implementation of this plan.
- b) Residential and business customers would incur additional charges for an ECS plan or modified extended calling service plan. Such plans would have a greater revenue impact on United than an EAS plan.
- c) United has not discussed in its testimony or analyzed the potential impact of any other plans.

BELLSOUTH: Each plan would have an economic impact on BellSouth because the company would have to incur costs to provide

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facilities to implement any given plan. BellSouth does not, however, have the data necessary to quantify these costs.

UNITED:

a) Residential and business customers in Groveland would be charged a total additive (including regrouping) of \$3.87 and \$9.13, respectively, to their basic monthly rate. Without stimulation, the estimated annual revenue impact to United would be \$30,648, which does not reflect the additional costs incurred by United to implement the plan.

b) The implementation of ECS impacts only those customers making the calls. Without stimulation, the estimated annual revenue impact to United would be a loss of \$85,000, which does not reflect the additional costs for facilities or other administrative costs.

STAFF ANALYSIS: In its brief, the Subscribers acknowledge that United should recover the costs of any ordered change. However, United has acknowledged that the Commission normally does not allow full cost recovery. (Harrell, TR 175) The Subscribers state they are not asking for anything other than fair and equitable treatment when it comes to an additive or associated costs.

BellSouth states in its brief that each plan would have an economic impact on BellSouth because the company would have to incur costs to provide facilities to implement any given plan. BellSouth states that it does not, however, have the data necessary to quantify these costs.

United's Witness Harrell states that if the Commission determines that a sufficient community of interest exists, ECS would be the best solution. The second alternative would be that subscribers should be surveyed for EAS with the 25/25 plan and regrouping. (TR 166) The witness states that using this procedure the residential and business customers in Groveland would be charged a total additive (including regrouping) of \$3.87 and \$9.13, respectively, to their basic monthly rate. Without stimulation, the estimated annual revenue impact to United would be \$30,648, which does not reflect the additional costs incurred by United to implement the plan. (TR 167)

If ECS was implemented, it would only impact those customers making these calls. Without stimulation, the estimated annual revenue impact to United would be a loss of \$85,000, which

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does not reflect the additional costs for facilities or other administrative costs. (Harrell, TR 168)

Staff believes that the Groveland subscribers should be balloted for nonoptional EAS under the 25/25 plan with regrouping to the Orlando, Winter Garden and Windermere exchanges. As stated by Witness Harrell the 25/25 plan is calculated based on the additional calling scope gained. There are approximately 370,000 access lines in the combined exchanges, which would place the Groveland exchange in rate group 5. The additive for each type of line is computed by multiplying 25 percent times the various access line rates in rate group 5. This amount is then added to the existing Groveland rate. In addition, if enlarging the local calling area causes the requesting exchange to regroup, the rate for the new rate group would also apply. In this case the addition of the Orlando exchange to the Groveland exchange would result in a regrouping of the Groveland exchange to rate group 6. (TR 166-167)

Under the 25/25 plan Groveland subscribers would be balloted at the rates listed in Table A:

TABLE A

	PRESENT RATE	25/25 ADDITIVE	REGROUPING	TOTAL ADDITIVE	NEW RATE
R-1	\$ 8.37	\$ 2.37	\$ 1.50	\$ 3.87	\$12.60
B-1	\$20.47	\$ 5.57	\$ 3.56	\$ 9.13	\$29.60
PBX	\$40.98	\$11.13	\$ 7.08	\$18.21	\$59.19

(EXH. 5)

United was the only party in this docket that provided the revenue impact if EAS was implemented. Witness Harrell stated that if EAS was implement, the estimated annual revenue impact to United without stimulation would be \$30,648, which does not reflect the additional costs incurred by United to implement the plan. (TR 167)

If the Commission determines that balloting for EAS is not appropriate, then staff supports the ECS plan. If ECS were implemented, the subscribers in the Groveland exchange would not realize an increase in basic local rates. However, if a customer choose to use ECS, residential customers would be charged \$.25 per call regardless of duration, and business calls would be rated at \$.10 for the first minute and \$.06 for each additional minute.

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United provide the revenue impact if ECS were implemented. United states the estimated annual revenue impact without stimulation would be a loss of \$85,000, which does not reflect the additional costs for facilities or other administrative costs. (Harrell, TR 168) With 50% stimulation, the annual revenue loss to United would be \$43,700.

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ISSUE 5: Should subscribers be required to pay an additive as a prerequisite to surveying for extended area service or an alternative interLATA toll plan? If so, how much of an additive is required and how long should it last?

STAFF RECOMMENDATION: Yes. If the Commission determines that the Groveland subscribers should be balloted for EAS, the subscribers should be required to pay an additive. Specifically, the subscribers should be balloted for EAS under the 25/25 plan with regrouping. The 25/25 additive should remain in effect for no more than four years, at which time this additive should be removed. If ECS is determined to be appropriate, no additive should be imposed.

POSITION OF PARTIES:

SUBSCRIBERS: If the Commission determines that EAS is appropriate, then an additive, the amount, duration and reasonableness of which should be determined by the Commission, would be appropriate.

BELLSOUTH: BellSouth has no position.

UNITED: Yes. If the Commission orders nonoptional flat rate EAS, it should order the 25/25 plan with regrouping. Residential and business customers in Groveland would be charged a total additive (including regrouping) of \$3.87 and \$9.13, respectively.

STAFF ANALYSIS: The appropriateness of an additive was discussed extensively by all the parties in Issue 4. If the Commission determines that the Groveland exchange should be balloted for EAS, of the parties with positions, there does not appear to be any opposition to EAS under the 25/25 plan with regrouping. Staff would note that the 25/25 additive should remain in effect no longer than four years at such time this additive should be removed. If ECS is determined to be appropriate, no additive should be imposed.

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ISSUE 6: If a sufficient community of interest is found, what are the appropriate rates and charges for the plan to be implemented on these routes?

STAFF RECOMMENDATION: Staff recommends that the rates for EAS be determined under the 25/25 plan with regrouping. Groveland subscribers would be balloted for EAS at the rates list in Table B:

TABLE B

	PRESENT RATE	25/25 ADDITIVE	REGROUPING	TOTAL ADDITIVE	NEW RATE
R-1	\$ 8.37	\$ 2.37	\$ 1.50	\$ 3.87	\$12.60
B-1	\$20.47	\$ 5.57	\$ 3.56	\$ 9.13	\$29.60
PBX	\$40.98	\$11.13	\$ 7.08	\$18.21	\$59.19

(EXH. 5)

POSITION OF PARTIES:

SUBSCRIBERS: The subscribers believe that the rates and charges should be those which are determined by the Commission to be fair and reasonable to all parties.

BELLSOUTH: BellSouth has no position.

UNITED: The appropriate rates would be the 25/25 plan with regrouping. Residential and business customers in Groveland would be charged a total additive (including regrouping) of \$3.87 and \$9.13, respectively, for total monthly rates of \$12.60 and \$29.60, respectively.

STAFF ANALYSIS: The appropriate rates and charges were discussed extensively by all the parties in Issue 4. If the Commission determines that a sufficient community of interest exists, the Groveland customers should be balloted at the rates listed in Table C.

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TABLE C

	PRESENT RATE	25/25 ADDITIVE	REGROUPING	TOTAL ADDITIVE	NEW RATE
R-1	\$ 8.37	\$ 2.37	\$ 1.50	\$ 3.87	\$12.60
B-1	\$20.47	\$ 5.57	\$ 3.56	\$ 9.13	\$29.60
PBX	\$40.98	\$11.13	\$ 7.08	\$18.21	\$59.19

(EXH. 5)

Of the parties with positions, there does not appear to be any opposition to EAS under the 25/25 plan with regrouping, if EAS is determined to be appropriate.

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ISSUE 7: If extended area service or an alternative interLATA toll plan is determined to be appropriate, should the customers be surveyed?

STAFF RECOMMENDATION: If EAS is determined to be appropriate, the Groveland customers should be balloted for nonoptional, flat rate, two-way EAS to the Orlando, Winter Garden, and Windermere exchanges. The survey should be conducted in accordance with Rule 25-4.063, Florida Administrative Code. The survey should be conducted within 45 days of the date the order from this recommendation is issued. United should submit the newspaper advertisement for staff's review prior to publication. The survey letter and ballot should be submitted to staff for review prior to distribution to United customers. In addition, United should provide staff with a copy of the published newspaper advertisement.

If ECS is found to be appropriate, the Groveland subscribers should not be balloted.

POSITION OF PARTIES:

SUBSCRIBERS: Yes. If the Commission determines EAS with an additive is appropriate, the subscribers should be surveyed. If the Commission determines that an alternative toll plan is appropriate, no survey is required.

BELLSOUTH: Yes. Customers should be surveyed regarding any proposed plan.

UNITED: Yes. If a non-optional plan is determined to be appropriate, the subscribers should be surveyed. All subscribers should have a voice in the implementation of such a plan since all subscribers will pay for the plan if implemented.

STAFF ANALYSIS: If EAS is found to be appropriate, all of the parties are in agreement that the Groveland customers should be surveyed for EAS to the Orlando, Winter Garden, and Windermere exchanges.

As discussed in Issues 5 and 6, if EAS is determined to be appropriate, the Groveland customers should be balloted for nonoptional, flat rate, two-way EAS to the Orlando, Winter Garden, and Windermere exchanges. The survey should be conducted in accordance with Rule 25-4.063, Florida Administrative Code. The survey should be conducted within 45 days of the date the order from this recommendation is issued. United should submit the newspaper advertisement for staff's review prior to

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publication. The survey letter and ballot should be submitted to staff for review prior to distribution to United's customers. In addition, United should provide staff with a copy of the published newspaper advertisement

If ECS is found to be appropriate, the Groveland subscribers should not be balloted.

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ISSUE 8: Should this docket be closed?

STAFF RECOMMENDATION: If the Commission determines that the Groveland customers should be balloted for EAS, then this docket should remain open pending the outcome of the ballot. If the Commission determines that ECS is appropriate, then this docket should be closed. In addition, if the Commission determines that no further action should be taken in this docket, the docket should be closed.

STAFF ANALYSIS: If the Commission determines that the Groveland customers should be balloted for EAS, then this docket should remain open pending the outcome of the ballot. If the Commission determines that ECS is appropriate, then this docket should be closed. In addition, if the Commission determines that no further action should be taken in this docket, the docket should be closed.

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