

FLORIDA PUBLIC SERVICE COMMISSION
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Tallahassee, Florida 32399-0850

M E M O R A N D U M

MAY 7, 1998

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FPSC - Records/Reporting

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

FROM: DIVISION OF COMMUNICATIONS (SHELPER) *AKS*
DIVISION OF LEGAL SERVICES (N. DAVIS) *and MCB*

RE: DOCKET NO. 930235-TL - RESOLUTION BY THE TAYLOR COUNTY BOARD OF COMMISSIONERS FOR COUNTYWIDE EXTENDED AREA SERVICE WITHIN TAYLOR COUNTY.

AGENDA: MAY 19, 1998 - REGULAR AGENDA - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S\PSC\CMU\WP\930235TL.RCM

CASE BACKGROUND

This docket was initiated pursuant to Resolution No. 93 filed by the Taylor County Board of Commissioners on February 4, 1993, requesting countywide extended area service (EAS) within Taylor County. GTC, Inc. (GTC) provides service to the Keaton Beach and Perry exchanges. BellSouth (BST) provides service to the Steinhatchee pocket of Taylor County, which is served out of the Cross City exchange located in Dixie County. The Keaton Beach and Perry exchanges are located in the Tallahassee LATA (local access and transport area). The Cross City exchange (Steinhatchee pocket) is located in the Gainesville LATA. Attachment A is a map of the involved exchanges.

By Order No. PSC-93-1168-FOF-TL, issued August 10, 1993, the Commission relieved BellSouth from its requirement to conduct traffic studies on the interLATA routes at issue in this docket. Since BellSouth no longer performs the rating and recording of interLATA calls for AT&T, nor does it have access to the data, the Commission determined that BellSouth was unable to provide the requested information.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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By Order No. PSC-93-1411-CFO-TL, issued September 29, 1993, the Commission granted confidential status for GTC's Document No. 06671-93 (traffic studies).

By Order No. PSC-97-1317-PCO-TL, issued October 23, 1997, the Commission reset this docket for hearing on community of interest issues. By Order No. PSC-97-1382-PCO-TL, issued October 31, 1997, the procedural and filing dates for this matter were established.

By Order No. PC-97-1521-PCO-TL, issued December 3, 1997, Taylor County was granted an extension to December 9, 1997, to file its testimony, and the dates for filing rebuttal testimony and prehearing statements were also modified. By Order No. PSC-98-0068-PHO-TL, issued January 12, 1998, the Commission established the procedures to govern the conduct of the proceedings.

On January 29, 1998, the Commission held a customer and technical hearing in Steinhatchee, Florida. This recommendation addresses the evidence presented at the hearing as well as GTC's Motion to Accept Late-Filed Brief of Evidence. Staff notes that Taylor County filed its brief 10 days late and did not include a motion to accept the late filing. However, its brief is only one-sentence long, and there would be no harm in accepting it.

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DISCUSSION OF ISSUES

ISSUE A: Should the Commission grant GTC, Inc.'s motion to accept late-filed brief of evidence?

RECOMMENDATION: Yes. The Commission should grant GTC's late-filed brief. (N. DAVIS)

STAFF ANALYSIS: On February 27, 1998, GTC filed a motion to accept its Late-Filed Brief of Evidence in this case, along with its brief. In accordance with the prehearing order in this Docket, briefs were due February 23, 1998. No objections have been filed to GTC's motion. In view of the fact that no objections have been filed regarding GTC's request, and there appears to be no harm to the parties by the filing of the brief four days late, staff recommends that GTC's motion be granted.

ISSUE 1: Is there a sufficient community of interest on the Cross City (Taylor County pocket)/Keaton Beach, and Cross City (Taylor County pocket)/Perry routes to justify surveying for non-optional extended area service as currently defined in the Commission rules or implementing an alternative interLATA toll plan?

RECOMMENDATION: No, based on the testimony, staff does not believe that a sufficient community of interest exists to warrant surveying the Taylor County pocket of the Cross City exchange for flat rate non-optional EAS or to implement an alternative interLATA toll plan on any of the routes at issue. (SHELFER)

POSITION OF THE PARTIES:

TAYLOR COUNTY: In summary, Mr. Brown testified that Taylor County is a large County with a small population with a need for local service throughout the County. That the County has no scientific survey but that the subject has come before the Board the last several years 24 times at County Commission meetings. Mr. Brown testified that Steinhatchee is 40 miles from Perry, the County seat, and Steinhatchee is the largest unincorporated area of the County. Mr. Brown testified as to the effect of having to call Steinhatchee businesses, family and the County. It is the County's

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position that all phone calls within the County should be local calls.

GTC: No position. GTC has no current traffic data. GTC does have one-way data from 1993, but that data is exchange to exchange data; it does not address any pocket route traffic.

BELLSOUTH: BellSouth has no position as to whether non-optional, flat rate EAS is appropriate. In the absence of traffic data, BellSouth can reach no conclusion as to whether a community of interest exists. If the Commission orders an alternative plan, BellSouth believes the 25/25 plan with regrouping would be the most appropriate alternative.

STAFF ANALYSIS: Taylor County contends that there is a sufficient community of interest between Steinhatchee, Keaton Beach and Perry to warrant balloting for non-optional EAS. Of the 13 citizens who testified during the public hearing, all support the request for EAS or some alternative form of toll relief. (TR 11-58, 153-170) Several residents indicate that EAS is supported with full knowledge that it will require a rate increase. (Doshier TR 43; S Smyrnios TR 156) Taylor County contends that EAS will allow the Steinhatchee residents to access county offices, schools, hospitals, and emergency services or to conduct business with elected officials. (Brown TR 126, 131-137)

Several witnesses assert that many Steinhatchee residents use doctors and the hospital located in Perry. (Barrett TR 11; Moehring TR 24; White TR 29; Sadler TR 3, 6; Bragdon TR 47; S Smyrnios TR 154) Witness Moehring contends that the medical staff in Perry is improving dramatically. County Commissioner Sadler agrees that the hospital is getting progressively bigger and better with more acute care doctors and surgeons. (Sadler TR 36) This is further supported by one witness who argues that the doctors' offices in Perry are really growing, and toll-free access would be beneficial to the elderly and other residents of Steinhatchee. (S. Smyrnios TR 155) The witness also contends that while she does not want to lose calling into Dixie County, it is necessary to call Perry for hospital information and to talk to family and friends in the hospital. (TR 154) Witnesses also state that they use medical facilities in Chiefland and Gainesville. (Barnett TR 13; Moehring TR 24; White TR 29)

Many witnesses express the need to call county offices which are located in Perry, the county seat. Witnesses state that it is long distance to call for building permits, tax information, the

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health department, schools, fire and rescue, emergency services, and to talk to their county commissioners. (Barnett TR 13, 49; Moehring TR 22; White TR 30; Sadler TR 38; Doshier TR 54; S. Smyrnios TR 155; and J. Smyrnios TR 157) County Commissioner Sadler contends that he makes several long distance calls per week from his home to different people in the community, and it is a hardship on him. (Sadler TR 35) Witness Barnett contends that she calls Perry daily for building permits and to get information from the health department on septic tank rules and regulations. (Barnett TR 11) Witness Doshier states that because of growth in the area, residents need to be in close contact with the county. (Doshier TR 55) Witnesses contend that while the sheriff's office does offer an 800 number, none of the other county offices have toll-free access. (Moehring TR 23; Sadler TR 38) However, Taylor County's witness Brown contends that the county does not have the money to provide 800 service to all the county offices. (Brown TR 135-136)

Witnesses testifying on behalf of the Steinhatchee School state that because it is long distance to call Taylor County, it places a financial burden on the school and the students. (Harden TR 15-17; Ivey TR 19-21; S. Smyrnios TR 154; J. Smyrnios TR 157) Witness Harden, who is secretary to the principal, stated that one of her jobs is to reconcile the phone bill. She indicates that long distance calls are made daily to the county office, student services, parents, records, finance, and other Taylor County schools -- all of which are located in Perry. (Harden TR 15-16) As a late-filed exhibit, witness Harden provided a spreadsheet which indicates that the school has exceeded its budgeted amount for telephone expenditures. (EXH 1) Witness Ivey, the principal of Steinhatchee School, indicates that some of the students live in the Keaton Beach exchange, therefore requiring a long distance call to contact parents. (Ivey TR 20)

Witnesses are split on the primary location to shop for goods and services. Witnesses testify that they usually shop at either the K-Mart in Perry or the Super Wal-Mart in Chiefland, depending on which direction they are headed. (Barnett TR 14; Moehring TR 28; White TR 30) Witness Moehring states that Steinhatchee is 40 miles from Perry, 52 miles from Chiefland, 70 miles from Gainesville and 90 miles from Tallahassee. She indicates that she shops wherever she is but states that she uses Perry more. (Moehring TR 28) Witness S. Smyrnios estimates that 75% of the residents shop in Perry, and probably 15% in Cross City and the balance of 10% in Gainesville. (S. Smyrnios TR 155)

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Steinhatchee witnesses contend that they are hard to locate since Steinhatchee is located in Taylor County but served out of a Dixie County exchange (Cross City). (White TR 31-32, Doshier TR 56; Moehring TR 51) Witness Doshier states that when you call directory assistance anywhere in the nation and try to get a Steinhatchee number, they ask you where is it located. He contends that Steinhatchee is quite unknown especially being in the Cross City exchange. (Doshier TR 54-55)

Several witnesses express concern about losing their existing local calling into Dixie County. (S. Smyrnios TR 154; Walker TR 159) Witness Walker asks that they retain local calling to the Old Town exchange and other surrounding communities. (Walker 154)

Other witnesses express concern about lack of notice. Some witnesses ask that a notice be mailed if balloting for EAS is approved. (Walker TR 159; Philmon TR 167)

Taylor County's witness Brown states that service in this area will continue to grow, creating more economic activity for the Steinhatchee area from the county's point of view. Witness Brown asserts that a new outpatient and eye surgery facility is being built in Perry. Witness Brown also states that the county hospital was just rated as one of the top 100 hospitals in the nation. The witness states that its county public health office has also established additional services in Steinhatchee. (TR 131)

Witness Brown states that Steinhatchee is approximately 40 miles from Perry and is an unincorporated municipality, with Perry being the only incorporated municipality in the county. Taylor County's witness argues that this problem tends to polarize Steinhatchee with the county government because the residents feel like everything they try to coordinate requires extra funds, such as long distance calls and driving to Perry. (TR 126) The County also contends that the inability to call Steinhatchee toll-free also affects citizens of Perry. Witness Brown states that local contractors who want to do business in Steinhatchee have to pay long distance rates for an area that is in the county (TR 127) The witness contends that as the county develops, he expects to have more and more commerce between Perry and Steinhatchee, and that is further complicated by this situation. (TR 132)

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Taylor County argues that there are other unincorporated areas of the county that are almost as far away as Steinhatchee that are local calls. Witness Brown contends that Steinhatchee is the only area in the county that does not have local service to Perry. Witness Brown states that EAS to Perry would be a lot less costly for the local government to conduct day-to-day business and effect coordination, and the same is true for the average citizen. (TR 128) The witness did acknowledge that the majority of people in Perry would probably not want to pay additional money to gain EAS to Steinhatchee. He further offered that the majority of subscribers in the Cross City exchange would be opposed to paying extra to gain EAS to Perry. (TR 146)

GTC contends that without current traffic studies to determine the calling patterns, it is unable to determine whether a sufficient community of interest exists. Witness Bordelon states that it will be necessary to extract information related to schools, medical facilities, police or fire protection, county offices, or military bases. Without this information witness Bordelon asserts GTC cannot speculate about the existence or sufficiency of a community of interest that might justify two-way, non-optional, flat rate EAS. (Bordelon, TR 62)

Witness Bordelon contends that an alternative interLATA toll plan is not possible since the routes are interLATA and involve BellSouth. The witness states that the FCC has made it very clear that it will only approve waivers for BellSouth for non-optional, flat rate EAS. GTC further argues that although it would not have to seek a waiver from the FCC, implementation of some one-way alternative calling plan by GTC would not solve any problems for the pocket community involved. Witness Bordelon asserts that if there is any need, GTC believes that it is a need to call the Taylor County exchanges from the Taylor County pocket; GTC does not believe there is much need to call in the other direction to the few subscribers in the pocket. (Bordelon TR 62-63)

BellSouth's witness Sims agrees with GTC that in the absence of traffic data, it does not have any evidence to know whether a sufficient community of interest exists. BellSouth acknowledges that the Commission has historically considered other factors to determine community of interest, but the witness asserts that she is not aware of any factors that are significant enough to justify flat rate EAS. (Sims TR 85)

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Witness Sims contends that she does not believe an alternative interLATA toll plan should be implemented. The witness states that these routes are interLATA and BellSouth cannot provide interLATA service without a waiver from the FCC. BellSouth states that in a recent ruling, the FCC has made it very clear that the only waivers that they will approve are for non-optional, flat rate EAS. (TR 85-86)

BellSouth states that if a sufficient community of interest is found on either of the routes between BellSouth's Cross City pocket of customers and GTC's exchanges, there would be several problems with implementing flat rate EAS. Witness Sims contends that it would be difficult to implement 7-digit dialing since the BellSouth exchange is in a different NPA than GTC's exchanges. In addition, since Cross City only utilizes one NXX, it would be difficult for GTC to limit toll-free calling only to the Taylor County pocket portion of the Cross City exchange. Witness Sims further states that since BellSouth currently does not carry traffic on these routes, it would either have to construct facilities or lease them, which would cause numerous administrative problems trying to maintain different rates for the Taylor County customers as opposed to the customers located in Dixie County. (TR 87)

Staff agrees with GTC and BellSouth that there is insufficient evidence to conclude that a sufficient community of interest exists to warrant surveying the Taylor County pocket of the Cross City exchange (Steinhatchee) for flat rate non-optional EAS to the Perry and Keaton Beach exchanges. Staff acknowledges that the public witnesses presented valid arguments; however, staff does not believe that the arguments were sufficient to demonstrate that a significant community of interest exists between the Taylor County pocket of Cross City (Steinhatchee) and the remainder of Taylor County.

While several witnesses contend that they use doctors and the hospital located in Perry, staff notes that other medical facilities and specialists are located in Chiefland and Gainesville. Currently, Cross City has ECS to Chiefland and Gainesville. (Barrett TR 11; Moehring TR 24; White TR 29; Sadler TR 36; Bragdon TR 47; S. Smyrnios TR 154)

Staff points out that a number of witnesses expressed the need to call Perry to access county offices, schools, and county

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representatives. (Barnett TR 11, 13, 49; Moehring TR 22-23; White TR 30; Sadler TR 35, 38; Doshier TR 54; S Smyrnios TR 155; J Smyrnios TR 157, Harden 15-17; and Ivey 19-21) Staff understands that the subscribers want to call county offices and officials toll-free; however, there was insufficient evidence presented to warrant balloting for EAS. Staff acknowledges Taylor County's statement that it could not afford to provide 800 service to county offices. We nevertheless conclude that the financial burden to provide toll relief to Taylor County residents should not be shifted to the telephone companies. As GTC pointed out in its brief, an 800 number for schools, to the hospital in Perry, and to county offices would go a long way toward alleviating the calling problems of the residents of Steinhatchee. (GTC BR p. 2)

A number of witness also expressed the need to call Perry for goods and services. (Barnett TR 14; Moehring 28; White 30) Staff does not believe this argument is sufficient to alter the conclusion regarding EAS.

With the absence of traditional traffic data, GTC and BellSouth indicate that they have no way of knowing if the Commission's EAS rule requirements have been met. (Bordelon TR 62; Sims TR 85) In addition, since these routes are interLATA, BellSouth states it would have to get a waiver from the FCC, which traditionally has only been granted for EAS, not ECS. BellSouth's witness Sims testified that the FCC, in its Memorandum Opinion and Order, in CC Docket No. 96-159, released July 15, 1997 "made it very clear that the only waivers that they will approve are for non-optional flat rate EAS." (Sims TR 86) Taylor County's witness testified that he did not believe a community of interest existed from the Perry exchange into the Steinhatchee area (Cross City exchange). (Brown TR 146)

Staff would also note that of the two public hearings held in Steinhatchee, only 13 of the 838 Taylor County pocket customers testified. Due to the poor turnout at the hearing, staff concludes that the interest to call Perry and the remainder of Taylor County must be isolated to a few customers.

Based on the testimony, staff does not believe that a sufficient community of interest has been shown to exist to warrant surveying the Cross City (Taylor County pocket) for flat rate non-optional EAS to the Perry and Keaton Beach exchanges.

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ISSUE 2: If a sufficient community of interest is found on either of the routes identified in Issue 1, what is your position regarding each of the following plans (summarize in chart form and discuss in detail) and how should they be implemented?

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

RECOMMENDATION: a) If the Commission denies staff's recommendation in Issue 1 and determines that EAS is warranted, the 25/25 plan with regrouping is calculated by adding twenty-five percent (25%) of the rate group schedule for the number of access lines to be newly included in the exchange's calling scope. The regrouping additive is the difference in rates between the exchange's original rate group and the new rate group into which the exchange will fall with its expanded calling scope.

b) Because of federal prohibitions, BellSouth cannot offer interLATA ECS; therefore, no alternative interLATA toll plan is appropriate for BellSouth. While GTC can offer ECS from the Perry and Keaton Beach exchanges, this would not satisfy the needs of Steinhatchee; therefore, staff does not believe ECS is appropriate.

c) The evidence presented does not support any other toll relief plans. (SHELFER)

POSITION OF PARTIES:

TAYLOR COUNTY: It is County's position that all phone calls within the County should be local calls.

GTC: Even though the 1993 traffic studies show a low calling volume (less than .99 M/A/M), GTC, Inc. realizes that there exists a need for Steinhatchee residents in Taylor County to be able to call their county offices in Perry without paying traditional toll charges. GTC, Inc. does not, however, feel that EAS with a 25/25 plan and regrouping is appropriate. GTC could implement an alternative interLATA toll plan for calling from the Perry and Keaton Beach exchanges to the Taylor County pocket area, but this would not satisfy the needs and would create an unworkable administrative billing problem. If there is any solution, it must be implemented by BellSouth.

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BELLSOUTH:

Plan	Position
EAS with 25/25 plan and regrouping	Appropriate
Alternative InterLATA toll plan	Inappropriate
Other	Inappropriate

STAFF ANALYSIS: Staff notes that, other than its position statement, Taylor County did not address this issue.

GTC's witness Bordelon states that if there is a sufficient community of interest the only appropriate plan is two-way, flat rate, non-optional EAS. She contends that the only real question is whether the route should be between the pocket (Taylor County portion of the Cross City exchange) and the two Taylor County exchanges (as requested by Taylor County), or between the two Taylor County exchanges and the entire Cross City exchange. (Bordelon TR 63)

Witness Bordelon states that GTC will have a problem if EAS is granted for the pocket because it has no subscribers from whom to recover the expense. The customers located in the pocket are BellSouth's customers, and they will pay the additive to BellSouth to help recover BellSouth's expenses. The witness argues the problem with this scenario is that GTC will have administrative difficulties serving the pocket, along with significant costs that will go unrecovered. GTC asserts that its costs could be recovered only if an additive were placed on all Taylor County subscribers in the Perry and Keaton Beach exchanges; even though there is a benefit to GTC's subscribers, the earlier calling data suggests that the benefit would not be enough to convince a majority of GTC subscribers to vote themselves an increase to pay for the benefit to call the pocket. (TR 63-64) GTC concludes in its brief that two-way EAS is unwarranted and an alternative pocket calling plan would be cost prohibitive to GTC. (GTC BR p. 2)

Witness Bordelon also states that in order to bill ECS or EAS to the pocket, GTC would have to develop a database that would have every Steinhatchee subscriber. She contends that the database would have to be maintained on a day-to-day basis. She further

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states that every call that originates from the Perry or Keaton Beach exchanges would have to be matched against the database to determine if it is zero rated or if it is a \$.25 call. (TR 68-69)

GTC contends that the expense to implement a pocket calling plan would involve an estimated \$7,000 per month for a T-1 line to carry the traffic. (TR 66) GTC also estimates an up-front charge of \$31,000 to develop the database to identify the Steinhatchee customers. GTC also contends that an estimated additional expense of \$10,000 would be incurred to cover administrative requirements, including changes, service representative training, and customer notification. (EXH 2)

As a solution to the pocket problem, witness Bordelon suggests that GTC take over the provisioning of service to the pocket of Cross City. The witness states that if the Commission wants the pocket served by GTC, the cost issues would need to be addressed. GTC asserts that it would experience significant expense in taking over the subscribers of the Taylor County pocket. Witness Bordelon recognizes that the calling scope would change; however, the Taylor County pocket would gain toll-free calling to all areas of Taylor county but would lose EAS to Cross City and Old Town, and ECS to Gainesville and Trenton. (Bordelon TR 64, 72-74)

BellSouth argues in its brief that pursuant to FCC Order 97-244, the only form of waiver that the FCC will approve is for non-optional EAS. Accordingly, if the Commission determines that a sufficient community of interest exists, as stated earlier the only type of waiver that BellSouth could obtain from the FCC is for non-optional flat rate EAS. Witness Sims testified that because Cross City customers (located in the 352 Numbering Plan (NPA)) versus Keaton Beach and Perry customers (located in the 850 NPA) do not share a common NPA, it would be difficult to provide 7-digit dialing on these routes and customer confusion could occur. She noted that in Commission Order No. PSC-96-0558-FOF-TP in Docket No. 960090-TP (addressing appropriate dialing patterns for various local and toll scenarios) the recommended dialing pattern for inter - and intra - NPA EAS is 10 digits. Therefore, if flat rate EAS is ordered on these routes, witness Sims states that 10-digit dialing should be required. (Sims TR 87) Witness Sims also states that if ordered to provide EAS, one alternative would be to utilize the 25/25 plan with regrouping. (TR 86)

If EAS is approved, witness Sims argues that there would be a number of problems in addition to the NPA and loss of 7-digit dialing. The witness contends that it would be difficult for GTC

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to limit toll-free calls only to those Cross City subscribers located in Taylor County, which could result in customer confusion over which calls would be free and which ones would be toll. (TR 87) BellSouth also states that since it does not currently carry traffic on these routes, it would either have to construct facilities or lease them. Witness Sims asserts that there would also be administrative problems for BellSouth in maintaining different rates for those Cross City subscribers located in Taylor County as opposed to the customers located in Dixie. She states that this would affect the management of inward and outward movement, billing, service ordering, provisioning and routing calls. (TR 87-88)

BellSouth asserts that if non-optional EAS is provided to the Taylor County pocket of the Cross City exchange it will cost \$185,000 for network and administrative costs. BellSouth also states that there would be an undetermined loss of access revenue that BellSouth currently bills to the IXCs that provide toll service on these routes. In addition, the ongoing (recurring) administrative costs are undetermined at this time. (EXH 3)

Witness Sims argues that it is the exception rather than the rule to treat a pocket area differently from the rest of the exchange. The witness contends that the Commission should closely examine the community of interest and service factors in the situation prior to making a decision. (TR 93-94)

In response to a question from a Commissioner about creating a separate exchange for Steinhatchee and allowing one-way EAS to Perry and Keaton Beach, BellSouth's witness Sims stated that it was an option and an FCC waiver would still be required. This would require the new exchange to have its own NXX. In addition, witness Sims states that there would still be facility and administrative expenses. Witness Sims acknowledges that with one-way EAS BellSouth would probably have to charge GTC terminating access or negotiate something different, like local interconnection. (Sims TR 115-119) Staff notes that since GTC's argument has been that EAS is cost prohibitive, this option would only involve BellSouth.

If EAS is found to be appropriate, staff recommends the 25/25 plan with regrouping. The 25/25 plan is calculated by adding twenty-five percent (25%) of the rate group schedule for the number of access lines to be newly included in the exchange's calling scope. The regrouping additive is the difference in rates between the exchange's original rate group and the new rate group into which the exchange will fall with its expanded calling scope. If EAS is approved and the 25/25 plan with regrouping is found to be

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appropriate, staff believes the 25/25 additive should remain in effect for not more than 4 years. Witness Sims agreed that the Commission has historically limited the amount of time that an additive is in effect. (Sims TR 100)

Staff disagrees with GTC that transferring the Taylor County pocket from BellSouth to GTC would resolve the calling problem. (Bordelon TR 64, 72-74) Staff believes that it just creates another set of problems. As witnesses testified at the hearing, they do not want to lose their existing calling scope. (S. Smyrnios TR 155; Walker TR 159)

Staff does not believe that creating a new exchange with its own NXX and providing one-way EAS is appropriate either. While one-way EAS from a new exchange would allow the Taylor County pocket customers to call the remaining portion of Taylor County, staff believes it would be a misuse of an NXX. With only 838 customers in the new exchange, it is very unlikely that the exchange would utilize all 10,000 numbers. However, staff disagrees with BellSouth's argument that it would be difficult to implement 7-digit dialing if EAS were approved. Staff suggests that if EAS is approved that we address the appropriate dialing pattern at that time. (Sims TR 98-99, 117-118)

For informational purposes, staff would note that the Commissioners had concerns regarding testimony that 911 service, which is provided by Dixie County, could be delayed for up to 20 minutes. BellSouth's witness Sims stated that 911 was not provided by BellSouth. The witness asserts that the county (Dixie) has its own system and Taylor County contracts with them. (Sims 102-103) The Commissioners also expressed concern that Steinhatchee customers testified that they were having difficulty getting telephones because their addresses are not street addresses. BellSouth's witness Sims committed to checking this problem out and finding a resolution. (TR 104-105). Another concern was educating customers regarding intraLATA presubscription and ECS. The Commissioners heard testimony that customers did not know they had ECS to Gainesville, because they were presubscribed to an intraLATA carrier other than BellSouth. As a result some customers may be paying higher rates. (TR 105-109) Witness Sims agreed to look into how they had promoted ECS in the past and consider using that method for Cross City. (Sims TR 107) The Commission also directed staff to offer to speak to the Steinhatchee customers to help educate the customers regarding PIC choices and ECS. Staff would point out, that we did offer to come back and speak, but we have not had any requests.

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If the Commission denies staff's recommendation in Issue 1 and determines that EAS is warranted, the 25/25 plan with regrouping is calculated by adding twenty-five percent (25%) of the rate group schedule for the number of access lines to be newly included in the exchange's calling scope. The regrouping additive is the difference in rates between the exchange's original rate group and the new rate group into which the exchange will fall with its expanded calling scope. Because of federal prohibitions against BellSouth, it cannot offer interLATA ECS; therefore, no alternative interLATA toll plan is appropriate for BellSouth. While GTC can offer an interLATA toll relief plan, like ECS, from the Perry and Keaton Beach exchanges, this would not satisfy the needs of Steinhatchee; therefore, staff does not recommend an alternative interLATA toll plan.

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ISSUE 3: Should subscribers be required to pay an additive as a prerequisite for flat rate, two-way, non-optional extended area service? If so, who should pay the additive, how much of a payment is required, and how long should it last?

RECOMMENDATION: Yes. If the Commission denies staff in Issue 1 and determines that the Taylor County pocket of the Cross City exchange should be balloted for EAS, the subscribers should be required to pay an additive. Specifically, the subscribers should be balloted under the 25/25 plan with regrouping. The 25/25 additive should remain in effect for no more than 4 years, after which time the additive should be removed. (SHELPER)

POSITION OF PARTIES:

TAYLOR COUNTY: No position.

GTC: If this issue relates only to the pocket (See Issue 1), GTC has no position on this issue. This is a matter that must be resolved by BellSouth, since the subscribers in question are BellSouth subscribers only. If this is viewed as an exchange to exchange issue, then, of course all of GTC's and BellSouth's subscribers in all the affected exchanges should be required to pay an additive to defray expenses.

BELLSOUTH: Yes. If this Commission orders flat rate, non-optional EAS, the subscribers in the pocket area should be required to pay an additive sufficient to allow BellSouth to recover the costs of implementing the plan. The most commonly used type of additive in recent years has been the 25/25 plan with regrouping. Because this EAS request involves a pocket, and, as noted in BellSouth's prefiled direct testimony, there could be additional costs associated with providing EAS to an interLATA pocket, the amount of the additive should more directly reflect the actual costs to provide the EAS. The additive should remain in effect for a sufficient period of time to allow for the recovery of costs incurred by BellSouth.

STAFF ANALYSIS: Taylor County did not take a position on this issue.

As addressed in Issue 1, staff does not believe EAS is appropriate, because testimony did not demonstrate that a sufficient community of interest exists. However, if the Commission determines that EAS is appropriate, the question is who gets balloted -- the pocket or the entire Cross City exchange. The

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Commission has historically not authorized balloting for EAS to an entire exchange when only the pocket qualified for EAS.¹

GTC's witness Bordelon argues that if EAS is only to and from the pocket, GTC has no opinion about the appropriate manner of expense recovery. She states that because GTC has no subscribers in the pocket, BellSouth's customers will pay the additive which will help BellSouth recover its expenses. GTC contends that it will have administrative difficulties serving the pocket and significant costs that will go unrecovered. GTC contends that its costs can only be recovered if an additive were placed on all of the Taylor County subscribers in the Perry and Keaton Beach exchanges; even though there is a benefit to GTC's subscribers, the earlier calling data suggest that the benefit would not be enough to convince a majority of GTC subscribers to vote themselves an increase to pay for the benefit to call the pocket. (Bordelon TR 63-64)

Witness Bordelon asserts that the only possible solution might be to include the entire Cross City exchange into the equation, thereby potentially enlarging the benefit for the Perry and Keaton Beach subscribers to the extent that it might justify an increased payment for expanded service and secure a favorable vote that could produce revenue from an additive to defray GTC's costs. The witness agrees that no additive should be imposed without a customer survey and a positive response. (TR 64)

BellSouth's witness Sims contends that if EAS is ordered, the subscribers in the pocket area should be required to pay an additive sufficient to allow BellSouth to recover the costs of implementing the plan. The witness states that the most commonly used type of additive in recent years has been the 25/25 plan with regrouping. BellSouth argues that because this EAS request involves a pocket, and, as noted previously, there could be additional costs associated with providing EAS to an interLATA pocket, the amount of the additive should more directly reflect the actual costs to provide EAS. Witness Sims states that the additive should remain in effect for a sufficient period of time to allow for the recovery of costs incurred by BellSouth. (Sims TR 88) BellSouth asserts it will incur network and administrative costs,

¹In those cases, the Commission ruled that while a pocket may have met the criteria for EAS, the exchange as a whole did not. As a result, the Commission has ordered ECS for the entire exchange based on the qualification of the pocket (Docket Nos. 920667-TL - St. John's County (Green Cove Springs exchange) and 940699-TL - Flagler Estates (Hastings exchange))

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as well as an undetermined loss of access revenue. Witness Sims states that assuming existing facilities may be used the network costs are \$85,000. The witness contends that BellSouth will need to establish two DS1s (48 trunks) between the Cross City switch and the Perry switch. She estimates \$100,000 in additional administrative costs which include billing changes, translations and training. (EXH 3)

Witness Sims also argues that because of the numerous problems associated with EAS only to the pocket, BellSouth believes that the entire Cross City exchange should be included in any EAS decision rather than only the pocket customers. The witness contends that BellSouth does recognize, however, that this docket was opened because of a request from Taylor County for countywide EAS; therefore, the docket cannot be expanded to include all of the Cross City exchange. (TR 88-89)

Staff disagrees with GTC that its customers in the Perry and Keaton Beach exchanges should also be balloted to ensure recovery of GTC's costs. It has been established in this docket that there is very little interest from the Perry and Keaton Beach exchanges into Steinhatchee -- as a result, a ballot to increase GTC's customers' rates to gain access to Steinhatchee would probably fail. (Brown TR 145-146) While there was no testimony as to the community of interest from Perry and Keaton Beach to Cross City, staff doubts that the ballots would pass, regardless of whether the ballot was for EAS to Steinhatchee or to all of the Cross City exchange because they are in different counties. Historically, when the Commission determined that balloting for EAS was appropriate, based on Rule 25-4.063(1) Florida Administrative Code, the exchange subject to increased rates must be surveyed. Staff believes this is still appropriate since this docket is being governed by the law that existed prior to July 1, 1995.

Staff disagrees with BellSouth that this docket only addresses the pocket of Cross City, and that to ballot the entire exchange would go beyond the scope of this docket. Staff would argue that since the pocket is located in the Cross City exchange, the exchange itself is part of this proceeding. The question remains as to whether the pocket or the entire exchange should be balloted.

Historically, staff has not supported EAS for pocket situations; however, this case is different. Even though this docket involves price-regulated LECs, the Commission has jurisdiction since this EAS request was filed prior to July 1, 1995. However, this is Taylor County's last chance with the Commission to get toll relief. Nevertheless, because this docket

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involves BellSouth interLATA routes, an alternative toll plan cannot be implemented because of federal prohibitions. Therefore, staff would have to agree with BellSouth that if balloting for EAS is determined to be appropriate, the ballot should be mailed only to the customers in the Taylor County pocket of the Cross City exchange. Further, if EAS is approved, it should be implemented exchange wide. While this does place the financial burden of EAS to Perry and Keaton Beach on the pocket, they are the parties represented by Taylor County requesting to call the remainder of Taylor County. Staff believes that if the entire Cross City exchange is balloted, it is destined to fail. By balloting only the pocket, the survey results will give an accurate account of the desires of the pocket. If the ballot passes, it will be less costly for BellSouth and GTC to implement EAS on an exchange-wide basis.

While staff agrees with BellSouth's witness Sims that the additive should remain in effect for a sufficient time to allow for the recovery of costs, staff believes 4 years is appropriate. Historically, the Commission has determined that 4 years is an adequate amount of time to seek recovery of these costs from other sources. This is consistent with the Commission's decision in Docket No. 921481-TL - Groveland and staff's recommendation in Docket Nos. 930173-TL - Polo Park and 950599-TL - Haines City.

If the Commission denies staff in Issue 1 and determines that a ballot is warranted, staff recommends that only the Taylor County pocket of the Cross City exchange be balloted for EAS. These subscribers should be required to pay an additive. Specifically, the subscribers should be balloted under the 25/25 plan with regrouping. The 25/25 additive should remain in effect for no more than 4 years, after which time the additive should be removed.

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ISSUE 4: If a sufficient community of interest is found, what are the appropriate rates and charges for any alternative plan and how should it be implemented on either of the routes identified in Issue 1?

STAFF RECOMMENDATION: If EAS is determined to be appropriate, staff recommends that the rates be determined under the 25/25 plan with regrouping as outlined below in Table A. The subscribers of the Taylor County pocket of Cross City should be surveyed within 45 days of the issuance of the order for this recommendation. BellSouth 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 its customers. Additionally, BellSouth should provide staff with a copy of the published newspaper advertisement and the dates run. Staff does not believe ECS is appropriate in this case.

TABLE A

Class of Service	Present Rate	25/25 Additive	Regrouping	Total Additive	New Rate
Residence	\$ 7.70	\$ 2.03	\$.40	\$ 2.43	\$10.13
Business	\$20.80	\$ 5.48	\$1.10	\$ 6.58	\$27.38
PBX Trunk	\$35.36	\$ 9.31	\$1.87	\$11.18	\$46.54

If EAS is approved to the Perry and Keaton Beach exchanges, the Cross City exchange will be forced to regroup from rate group 2 to rate group 3. Rule 25-4.063(1) requires customers to be balloted if a Commission action, such as EAS, forces an increase in rates. If Issue 1 is approved, this is not an issue. However, if Issue 1 is denied and the Commission requires a ballot, staff will address the regrouping issue in the recommendation reporting the results of the survey. (SHELFER)

POSITION OF PARTIES:

TAYLOR COUNTY: No position.

GTC: GTC assumes that this issue involves only pocket calling. If that assumption is correct, GTC has no position about rates that affect only BellSouth's subscribers. However, if pocket calling is approved, there will be significant, although as yet unquantified, expense to GTC that will be unrecoverable. For example, the cost

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of two T1s from Perry to Gainesville (the location of the Cross City switch) would cost GTC \$7,000.00 per month.

BELLSOUTH: If a sufficient community of interest exists the following rates are proposed for the BellSouth pocket area of Taylor County for calling into Keaton Beach and Perry utilizing the 25/25 plan with regrouping.

Class of Service	Present Rate	Proposed Rate	25/25 Additive	Total Rate
Residence	\$ 7.70	\$ 8.10	\$2.03	\$10.13
Business	\$20.80	\$21.90	\$5.48	\$27.38
PBX Trunk	\$35.36	\$37.23	\$9.31	\$46.54

STAFF ANALYSIS: Taylor County did not take a position on this issue.

The appropriateness of an additive was discussed extensively by GTC and BellSouth in Issue 3. Staff contends that if the Commission determines that the Taylor County pocket of Cross City subscribers should be surveyed for EAS, it should be under the 25/25 plan with regrouping.

GTC states that it does not know what the expenses would be to provide two-way, flat rate, non-optional EAS to either the pocket or the entire Cross City exchange, but whatever the costs are, they should be recovered by the rates and charges GTC is allowed to charge. Witness Bordelon contends that this is particularly true since GTC no longer has the ability that rate base regulated companies enjoy to seek rate relief to increase rates to recover unanticipated expenses. (Bordelon TR 64)

BellSouth states that if a sufficient community of interest exists, the 25/25 plan with regrouping is the appropriate plan to utilize. (Sims TR 89)

If the Commission determines that EAS is appropriate, staff recommends that the rates be determined under the 25/25 plan with regrouping. The proposed rates should be as specified in Table A. In addition, staff recommends that the subscribers of the Taylor County pocket of Cross City should be surveyed within 45 days of the issuance of the order for this recommendation. BellSouth should submit the newspaper advertisement for staff's review prior

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to publication. The survey letter and ballot should be submitted to staff for review prior to distribution to its customers. Additionally, BellSouth should provide staff with a copy of the published newspaper advertisement and the dates run. Staff does not believe ECS is appropriate in this case.

In addition, staff would note that if EAS is approved to the Perry and Keaton Beach exchanges, the Cross City exchange will be forced to regroup from rate group 2 to rate group 3. Rule 25-4.063(11) Florida Administrative Codes, requires customers to be balloted if a Commission action, such as EAS, forces an increase in rates. If Issue 1 is approved, this is not an issue. However, if Issue 1 is denied and the Commission requires a ballot, staff will address the regrouping issue in the recommendation reporting the results of the survey.

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ISSUE 5: If extended area service or any alternative plan is determined to be appropriate, which customers should be surveyed?

STAFF RECOMMENDATION: If Issue 1 is denied, staff recommends that only the customers located in the Taylor County pocket of the Cross City exchange should be balloted for EAS to the Perry and Keaton Beach exchanges. (SHELFER)

POSITION OF PARTIES:

TAYLOR COUNTY: No position.

GTC: GTC believes that any subscribers who will pay an additive should be balloted.

BELLSOUTH: With a typical EAS request, the entire Cross City exchange would be surveyed. But, in this case, if the Commission decides that there is sufficient community of interest to survey for non-optional EAS, then the pocket area of Taylor county in BellSouth's territory should be surveyed.

STAFF ANALYSIS: Taylor County does not have a position on this issue.

The question of which customers should be balloted was discussed extensively in Issue 3 by BellSouth, GTC and staff. Staff contends that if the Commission determines that EAS is appropriate, only the customers located in the Taylor County pocket of the Cross City exchange should be balloted for EAS to the Perry and Keaton Beach exchanges.

ISSUE 6: Should this docket be closed?

STAFF RECOMMENDATION: Yes. With the approval of Issue 1, this docket should be closed with no further action being needed. (N. DAVIS)

STAFF ANALYSIS: Yes. With the approval of Issue 1, this docket should be closed with no further action being needed.

TAYLOR

