

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution by the Taylor
County Board of County
Commissioners for Countywide
Extended Area Service (EAS)
within Taylor County.

DOCKET NO. 930235-TL
ORDER NO. PSC-98-0794-FOF-TL
ISSUED: June 8, 1998

The following Commissioners participated in the disposition of
this matter:

J. TERRY DEASON
SUSAN F. CLARK
JOE GARCIA

APPEARANCES: Nancy B. White, Esquire, c/o Nancy Sims, 150 South
Monroe Street, Suite 400, Tallahassee, Florida
32301.
On Behalf of BellSouth Telecommunications, Inc.

David B. Erwin, Esquire, 225 South Adams Street,
Suite 200, Tallahassee, Florida 32301.
On behalf of Gulf Telephone Company (GTC).

Conrad C. Bishop, Jr., Esquire, Post Office Box
167, Perry, Florida 32348.
On behalf of Taylor County Commission.

Noreen Davis, Esquire, Florida Public Service
Commission, 2540 Shumard Oak Boulevard,
Tallahassee, Florida 32399-0870.
On behalf of the Commission Staff.

ORDER REGARDING REQUEST FOR EXTENDED AREA SERVICE

BY THE COMMISSION:

This docket was initiated pursuant to Resolution No. 93 filed
by the Taylor County Board of Commissioners on February 4, 1993,
requesting countrywide 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

DOCUMENT NUMBER-DATE

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PSC-RECORDS/REPORTING

ORDER NO. PSC-98-0794-FOF-TL
DOCKET NO. 930235-TL
PAGE 2

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.

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.

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 order addresses the evidence presented at the hearing as well as GTC's Motion to Accept Late-Filed Brief of Evidence.

I. GTC's Motion to Accept Late-Filed Brief of Evidence

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, we will grant GTC's motion.

II. Decision

In order to justify surveying for non-optional extended area service (EAS) as defined in Commission rules, a sufficient community of interest must be found. In this instance, the community of interest must exist on the Cross City (Taylor County pocket) to Keaton Beach route, and the Cross City (Taylor County pocket) to Perry route. The evidence provided at the hearing did not demonstrate a sufficient community of interest on either route 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. Our analysis of the evidence is set forth below.

Taylor County contended 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. Several residents indicated that EAS is supported with full knowledge that it will require a rate increase. Taylor County contended that EAS will allow the Steinhatchee residents to access county offices, schools, hospitals, and emergency services or to conduct business with elected officials.

Several witnesses asserted that many Steinhatchee residents use doctors and the hospital located in Perry. Witness Moehring contended that the medical staff in Perry is improving dramatically. County Commissioner Sadler agreed that the hospital is getting progressively bigger and better with more acute care doctors and surgeons. This is further supported by one witness who argued that the doctors' offices in Perry are growing, and toll-free access would be beneficial to the elderly and other residents of Steinhatchee. The witness also contended 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. Witnesses also state that they use medical facilities in Chiefland and Gainesville.

Many witnesses expressed the need to call county offices which are located in Perry, the county seat. Witnesses stated that it is long distance to call for building permits, tax information, the health department, schools, fire and rescue, emergency services, and to talk to their county commissioners. The County Commissioner Sadler contended that he makes several long distance calls a week from his home to different people in the community, and it is a hardship on him. Witness Barnett stated that she calls Perry daily

for building permits and to get information from the health department on septic tank rules and regulations. Witness Doshier stated that because of growth in the area, residents need to be in close contact with the County. Witnesses contended that while the sheriff's office does offer an 800 number, none of the other county offices have toll-free access. However, Taylor County's witness Brown contended that the County does not have the money to provide 800 service to all the county offices.

Witnesses testifying on behalf of the Steinhatchee School stated that because it is long distance to call Taylor County, it places a financial burden on the school and the students. Witness Harden, who is secretary to the principal, stated that one of her jobs is to reconcile the phone bill. She indicated 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. As a late-filed exhibit, witness Harden provided a spreadsheet which indicates that the school has exceeded its budgeted amount for telephone expenditures. Witness Ivey, the principal of Steinhatchee School, indicated that some of the students live in the Keaton Beach exchange, therefore requiring a long distance call to contact parents.

Witnesses were split on the primary location to shop for goods and services. Witnesses testified that they usually shop in Perry or Chiefland, depending on which direction they are headed. Witness Moehring stated that Steinhatchee is 40 miles from Perry, 52 miles from Chiefland, 70 miles from Gainesville and 90 miles from Tallahassee. She indicated that she shops wherever she is, but stated that she uses Perry more. Witness S. Smyrnios estimated that 75% of the residents shop in Perry, and probably 15% in Cross City and the balance of 10% in Gainesville.

Steinhatchee witnesses contended that they are hard to locate since Steinhatchee is located in Taylor County but served out of a Dixie County exchange (Cross City). Witness Doshier stated 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 contended that Steinhatchee is quite unknown, especially being in the Cross City exchange.

Several witnesses expressed concern about losing their existing local calling into Dixie County. Witness Walker asked that local calling to the Old Town exchange and other surrounding communities be retained.

Other witnesses expressed concern about lack of notice. Some witnesses asked that a notice be mailed if balloting for EAS is approved.

Taylor County's witness Brown stated 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 asserted that a new outpatient and eye surgery facility is being built in Perry. Witness Brown also stated that the county hospital was just rated as one of the top 100 hospitals in the nation. The witness stated that its county public health office has also established additional services in Steinhatchee.

Witness Brown stated 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 argued 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. The County also contended that the inability to call Steinhatchee toll-free also affects citizens of Perry. Witness Brown stated that local contractors who want to do business in Steinhatchee have to pay long distance rates for an area that is in the county. The witness contended 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.

Taylor County argued that there are other unincorporated areas of the County that are almost as far away as Steinhatchee that are local calls. Witness Brown contended that Steinhatchee is the only area in the county that does not have local service to Perry. Witness Brown stated 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. 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.

GTC contended that without current traffic studies to determine the calling patterns, it is unable to determine whether a sufficient community of interest exists. Witness Bordelon stated that it would be necessary to extract information related to schools, medical facilities, police or fire protection, county offices, or military bases. Without this information witness Bordelon asserted that GTC cannot speculate about the existence or

sufficiency of a community of interest that might justify two-way, non-optional, flat rate EAS.

Witness Bordelon contended that an alternative interLATA toll plan is not possible since the routes are interLATA and involve BellSouth. The witness stated that the Federal Communications Commission has made it very clear that it will only approve waivers for BellSouth for non-optional, flat rate EAS. GTC further argued 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 asserted that if there is any need, GTC believed 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.

BellSouth's witness Sims agreed 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 acknowledged that the Commission has historically considered other factors to determine community of interest, but the witness asserted that she is not aware of any factors that are significant enough in this case to justify flat rate EAS.

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

BellSouth stated 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 contended that it would be difficult to implement 7-digit dialing since the BellSouth exchange is in a different numbering plan area than GTC's exchanges. In addition, since Cross City only utilizes one NXX (telephone number prefix), 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 stated 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.

Upon consideration, we agree 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. We acknowledge that the public witnesses presented valid arguments; however, we do 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 contended that they use doctors and the hospital located in Perry, we note that other medical facilities and specialists are located in Chiefland and Gainesville. Currently, Cross City has Extended Calling Service to Chiefland and Gainesville. A number of witnesses expressed the need to call Perry to access county offices, schools, and county representatives. We understand that the subscribers want to call county offices and officials toll-free; however, there was insufficient evidence presented to warrant balloting for EAS. We acknowledge 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. A number of witness also expressed the need to call Perry for goods and services. We do not believe this argument is sufficient to alter the conclusion regarding EAS.

With the absence of traditional traffic data, GTC and BellSouth indicated that they have no way of knowing if the Commission's EAS rule requirements have been met. In addition, since these routes are interLATA, BellSouth states it would have to get a waiver from the FCC. The FCC has only granted waivers 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." 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).

We also note that of the two public hearings held in Steinhatchee, only 13 of the 838 Taylor County pocket customers testified. We can only conclude that the interest to call Perry and the remainder of Taylor County is isolated to a few customers.

Based on the testimony, we find that a sufficient community of interest has not 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.

We must express our frustration with being unable to provide some relief to these subscribers. Because of the federal restrictions on BellSouth regarding the provisioning of inter-LATA service that is not flat rate non-optional EAS, we are unable to fashion an alternative mode of relief for these customers, such as ECS. We therefore instruct our staff to contact the FCC to see if there is any movement on their position of providing ECS on an interLATA basis for BellSouth.

Besides providing EAS, there were other options to the provisioning of service addressed by the witnesses. We note these for informational purposes.

Witness Bordelon stated that GTC would have a problem if EAS were 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 would pay the additive to BellSouth to help recover BellSouth's expenses. The witness argued that the problem with this scenario is that GTC would have administrative difficulties serving the pocket, along with significant costs that would go unrecovered. GTC asserted 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. GTC concluded in its brief that two-way EAS is unwarranted and an alternative pocket calling plan would be cost prohibitive to GTC.

Witness Bordelon also stated 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 contended that the database would have to be maintained on a day-to-day basis. She further stated 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.

GTC contended 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. GTC also estimated an up-front charge of \$31,000 to develop the database to identify the Steinhatchee customers. GTC also contended that an estimated additional expense

of \$10,000 would be incurred to cover administrative requirements, including changes, service representative training, and customer notification.

As a solution to the pocket problem, witness Bordelon suggested that GTC take over the provisioning of service to the pocket of Cross City. The witness stated that if the Commission wants the pocket served by GTC, the cost issues would need to be addressed. GTC asserted that it would experience significant expense in taking over the subscribers of the Taylor County pocket. Witness Bordelon recognized 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.

BellSouth argued 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 determined 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 were ordered on these routes, witness Sims stated that 10-digit dialing should be required. Witness Sims also stated that if ordered to provide EAS, one alternative would be to utilize the 25/25 plan with regrouping.

If EAS were approved, witness Sims argued that there would be a number of problems in addition to the NPA and loss of 7-digit dialing. The witness contended that it would be difficult for GTC 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. BellSouth also stated that since it does not currently carry traffic on these routes, it would either have to construct facilities or lease them. Witness Sims asserted 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 stated that this would affect the management of inward and outward

movement, billing, service ordering, provisioning and routing calls.

BellSouth asserted that if non-optional EAS were provided to the Taylor County pocket of the Cross City exchange, it would cost \$185,000 for network and administrative costs. BellSouth also stated 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.

Witness Sims argued that it is the exception rather than the rule to treat a pocket area differently from the rest of the exchange. The witness contended that the Commission should closely examine the community of interest and service factors in the situation prior to making a decision.

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 stated that there would still be facility and administrative expenses. Witness Sims acknowledged that with one-way EAS BellSouth would probably have to charge GTC terminating access or negotiate something different, such as local interconnection. We note that since GTC's argument has been that EAS is cost prohibitive, this option would only involve BellSouth.

We do not believe that transferring the Taylor County pocket from BellSouth to GTC would resolve the calling problem. It would just create another set of problems. As witnesses testified at the hearing, they do not want to lose their existing calling scope.

Creating a new exchange with its own NXX and providing one-way EAS is not 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, we believe it would be a misuse of an NXX, which contains 10,000 telephone numbers. With only 838 customers in the new exchange, it is very unlikely that the exchange would utilize all 10,000 numbers.

We 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 (Dixie) County has its own system and Taylor County contracts with them. We also expressed

ORDER NO. PSC-98-0794-FOF-TL
DOCKET NO. 930235-TL
PAGE 11

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 looking into this problem and finding a resolution. Another of our concerns was educating customers regarding intraLATA presubscription and ECS. We 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. Witness Sims agreed to look into how BellSouth had promoted ECS in the past and consider using that method for Cross City. At the hearing we also directed our staff to offer to speak to the Steinhatchee customers to help educate the customers regarding PIC choices and ECS. Our staff has offered to come back to Steinhatchee and speak, but have not had any request at this time.

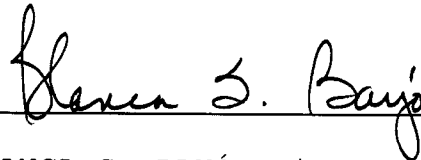
Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that there is insufficient community of interest on the Cross City (Taylor County pocket) to Keaton Beach and Cross City (Taylor County pocket) to Perry routes to justify surveying for non-optional extended area service. It is further

ORDERED that this docket remain open pending discussion with the Federal Communications Commission regarding ECS.

ORDER NO. PSC-98-0794-FOF-TL
DOCKET NO. 930235-TL
PAGE 12

By ORDER of the Florida Public Service Commission this 8th
day of June, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

NSD

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance

ORDER NO. PSC-98-0794-FOF-TL
DOCKET NO. 930235-TL
PAGE 13

of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

Requisition for Photocopying and Mailing

Date 6/11/98
Number of Originals 13 Copies Per Original 17
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Item Presented

Agenda For (Date) _____ Order No. 98-0794 In Docket No. 93023876
Notice of _____ For (Date) _____ In Docket No. _____
Other _____

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M E M O R A N D U M

June 8, 1998

TO: DIVISION OF RECORDS AND REPORTING
FROM: DIVISION OF LEGAL SERVICES (DAVIS) *mad*
RE: DOCKET NO. 930235-TL

98-0794-FOF-TL

Attached is an ORDER REGARDING REQUEST FOR EXTENDED AREA SERVICE, with attachments, to be issued in the above referenced docket. (Number of pages in order - 13)

NSD/mc
Attachment
cc: Division of Communications
I:930235.ord

pg 1, 5, 11

*3 fax
3 mail*