

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

|   |                      |
|---|----------------------|
| In re: Request by UNION COUNTY BOARD OF ) | DOCKET NO. 881547-TL |
| COUNTY COMMISSIONERS for extended area )  |                      |
| service (EAS) between Union County and )  | ORDER NO. 22842      |
| Gainesville exchange )                    |                      |
| _____ )                                   | ISSUED: 4-20-90      |

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

NOTICE OF PROPOSED AGENCY ACTION  
AND  
ORDER REQUIRING IMPLEMENTATION  
OF EXTENDED AREA SERVICE

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

BACKGROUND

This docket was initiated upon a resolution filed with this Commission by the Union County Board of County Commissioners. This resolution requested that we consider requiring implementation of extended area service (EAS) between Union County and the Gainesville exchange. By Order No. 20511, issued December 23, 1988, we directed ALLTEL Florida, Inc. (ALLTEL) and Southern Bell Telephone and Telegraph Company (Southern Bell) to perform traffic studies between the Lake Butler and Raiford exchanges, located in Union County, and the Gainesville exchange, located in Alachua County. We ordered the companies to perform these traffic studies so that we could determine if a sufficient community of interest existed pursuant to Rule 25-4.060, Florida Administrative Code. The Lake Butler and Raiford exchanges are served by ALLTEL, while

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Southern Bell serves the Gainesville exchange. In addition to involving intercompany routes, this request also involves interLATA (local access transport area) routes. The Lake Butler and Raiford exchanges are located in the Jacksonville LATA, while the Gainesville exchange is located in the Gainesville LATA.

On February 24, 1989, ALLTEL filed the required traffic studies, along with a request for confidential treatment of certain portions of the data. By Order No. 21158, issued May 3, 1989, we denied ALLTEL's request. On March 13, 1989, Southern Bell filed the required traffic studies, also along with a request for confidential treatment of certain portions of the data. By Order No. 21162, issued May 4, 1989, we also denied Southern Bell's request. Both of the Orders denying confidential treatment were protested. Southern Bell filed its protest on May 18, 1989. ALLTEL filed its protest on May 24, 1989, along with a Request to Accept Late Filed Protest. Additionally, on May 17, 1989, AT&T Communications of the Southern States, Inc. (ATT-C) filed its protests to both of these Orders.

After we received the initial traffic study data, our staff determined that further traffic studies were needed in order to properly evaluate the pending EAS request. Specifically, traffic studies were needed for the exchanges physically located between Union County and the Gainesville exchange. Therefore, on May 5, 1989, we issued Order No. 21169, by which we directed ALLTEL to perform traffic studies between the Lake Butler and Raiford exchanges, located in Union County, and the Alachua and Brooker exchanges. The Alachua exchange is located in Alachua County (and the Jacksonville LATA), while the Brooker exchange is located in both Alachua and Bradford Counties (and the Gainesville LATA). ALLTEL was ordered to prepare and submit the studies to us within sixty (60) days of the issuance of Order No. 21169, making this second set of traffic studies due by July 5, 1989.

On July 5, 1989, ALLTEL filed a Motion for Extension of Time, requesting an extension through and including August 4, 1989, in which to finish preparing and to submit the second set of required traffic studies. By Order No. 21533, issued July 12, 1989, we granted ALLTEL's request.

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On August 4, 1989, ALLTEL filed the second set of required traffic studies. No request for specified confidential treatment accompanied this filing. On August 16, 1989, ALLTEL filed a request for confidential treatment of the interLATA data included in the August 4th filing, along with appropriately edited copies of the August 4th filing.

In its filing of August 16, 1989, ALLTEL requested specified confidential treatment of only the data which represented a quantification of traffic along interLATA routes. In that respect, it was the same as ALLTEL's filing of February 24, 1989, and Southern Bell's filing of March 13, 1989. Upon review of the protests filed by ALLTEL, Southern Bell, and ATT-C, as well as ALLTEL's August 4th filing, the Prehearing Officer concluded that specified confidential treatment should be granted to the interLATA traffic data contained in all three of the filings. This ruling is reflected in Order No. 22319, issued December 19, 1989.

Each of the involved exchanges currently has EAS as follows:

| <u>EXCHANGE</u> | <u>ACCESS LINES</u> | <u>EAS CALLING SCOPE</u>  |
|-----------------|---------------------|---|
| Lake Butler     | 1,959               | Raiford   |
| Raiford         | 455                 | Kingsley Lake, Lake Butler, Lawtey, Starke  |
| Gainesville     | 81,793              | Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry, Waldo |
| Brooker         | 849                 | Alachua, Gainesville, Waldo   |
| Alachua         | 4,036               | Brooker, Fort White, Gainesville, High Springs, Newberry                              |

The demographics of the areas involved in this EAS request are described below.

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### Demographics

The Gainesville exchange is located in the Central portion of Alachua County. It is considered a regional economic center for the north central Florida region. The local economy of this exchange is dominated by the educational and medical communities. Gainesville is the site of the University of Florida, the state's largest four-year university, which has an enrollment of approximately 33,000 students, 27,000 of which are undergraduates. It is also the location of Santa Fe Community College, a large junior college. The numerous medical facilities located in Gainesville produce a level of medical research and care unmatched by any city in Florida. The University of Florida's Shands Teaching Hospital, the J. Hillis Miller Health Center, Alachua General Hospital, and North Florida Regional Medical Center are all located in this exchange.

The exchange is self sufficient in terms of shopping and services. In addition to numerous local shopping centers, the exchange contains the Oaks Mall, a regional shopping center with over one million square feet.

Unemployment in Gainesville ranks among the lowest in the state. Family income and educational level are higher than the state average, which is to be expected due to the presence of the universities and the numerous medical facilities. There are more medical doctors, per capita, in Gainesville than in any other city in Florida.

Because Gainesville is not dependent on the Lake Butler exchange or the Raiford exchange for goods, services, employment, medical services, or entertainment, it is very doubtful that subscribers of the Gainesville exchange would require EAS to either of these exchanges. On the other hand, it is possible and highly probable that subscribers in these outlying exchanges might desire EAS to Gainesville, the dominant city of the north central Florida region.

|                          | <u>ALACHUA</u> | <u>BROOKER</u> | <u>LAKE BUTLER</u> | <u>RAIFORD</u> |
|--------------------------|----------------|----------------|--------------------|----------------|
| Population - 1983 stats. | 4,014          | 411            | 1,985              | 247            |
| Area Square Miles        | 148            | 112            | 185                | 44             |
| Population Density       | 27.12          | 3.67           | 10.73              | 5.61           |
| Total Access Lines       | 4,036          | 849            | 1,959              | 455            |
| Access Lines Per Sq. Mi. | 27.27          | 7.58           | 10.59              | 10.34          |

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Current basic local service rates for the exchanges involved in this EAS request are shown below.

Alachua and Brooker Exchanges (ALLTEL) - Rate Group VII

|     |         |
|-----|---------|
| R-1 | \$ 9.95 |
| B-1 | 24.70   |
| PBX | 47.20   |

Lake Butler Exchange (ALLTEL) - Rate Group II

|     |         |
|-----|---------|
| R-1 | \$ 8.85 |
| B-1 | 22.10   |
| PBX | 41.90   |

Raiford Exchange (ALLTEL) - Rate Group IV

|     |         |
|-----|---------|
| R-1 | \$ 9.35 |
| B-1 | 23.40   |
| PBX | 44.55   |

Gainesville Exchange (Southern Bell) Rate Group V

|     |         |
|-----|---------|
| R-1 | \$ 8.80 |
| B-1 | 23.85   |
| PBX | 53.68   |

DISCUSSION

In response to our directives, both ALLTEL and Southern Bell filed the requested traffic studies. The traffic studies revealed the following calling rates on the intraLATA routes at issue in this EAS request:

| <u>FROM</u> | <u>TO</u>   | <u>M/M/M</u> | <u>2 or More</u> |
|-------------|-------------|--------------|------------------|
| Alachua     | Lake Butler | .79          | 9.11             |
| Lake Butler | Alachua     | 3.75         | 17.61            |
| Alachua     | Raiford     | .05          | .82              |
| Raiford     | Alachua     | .33          | 5.56             |

The actual results of the traffic studies performed along the interLATA routes were granted confidential treatment by Order No. 22319. However, we can report that only the Lake Butler to Gainesville route met the threshold of Rule 25-4.060(2)(a),

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Florida Administrative Code, which requires three (3) or more M/M/M, with at least fifty percent (50%) of subscribers making two (2) or more calls per month. As can be seen from the chart above, the calling rates on the intraLATA routes fall short of the rule requirements.

Our policy in the past has been not to establish EAS where skipping over intermediate exchanges would be involved, because this would create a situation where calls to the more distant exchange were local, while calls to an adjacent exchange incurred toll charges. At the same time, we do not believe the subscribers in Lake Butler should be denied EAS to Gainesville because the calling rates on the intermediate exchanges fall short of the rule requirement. We believe a sufficient community of interest exists on the Lake Butler to Gainesville route to warrant toll relief. We would note, also, that both intermediate exchanges, Alachua and Brooker, presently have nonoptional, flat rate, two-way calling to and from Gainesville. We wish to emphasize, however, that our policy has been and will continue to be not to permit "leap-frogging" or skipping of exchanges in an EAS request.

Upon consideration, we hereby propose requiring ALLTEL to survey its Lake Butler subscribers for nonoptional, flat rate, two-way calling under the 25/25 plan with regrouping, between the Lake Butler exchange and the Alachua, Brooker, and Gainesville exchanges. With this plan, both residential and business customers will pay an EAS additive reflecting twenty-five percent (25%) of the requested exchange's current basic rates, plus regrouping charges. The rates at which the Lake Butler customers shall be surveyed are as follows:

| <u>CUSTOMER CLASS</u> | <u>CURRENT RATE</u> | <u>NEW RATE</u> |
|-----------------------|---------------------|-----------------|
| R-1                   | \$ 8.85             | \$12.15         |
| B-1                   | 22.10               | 30.65           |
| PBX                   | 41.90               | 60.60           |

Under this calling plan, Alachua, Brooker, and Gainesville customers will not pay an additional charge and therefore, are excluded from the survey.

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The subscribers in the Lake Butler exchange shall be surveyed by ALLTEL within thirty (30) days of the issuance of the consummating order finalizing this proposed agency action. Prior to conducting the survey, ALLTEL shall submit its explanatory survey letter and ballot to our staff for approval.

If the survey passes by a simple majority of the customers surveyed in the Lake Butler exchange, ALLTEL and Southern Bell shall then implement the 25/25 plan with regrouping within twelve (12) months of the date of the final order in this docket. By our requiring a simple majority, we are hereby waiving the fifty-one percent (51%) favorable vote requirement of Rule 25-4.063(5)(a), Florida Administrative Code. Additionally, because the Lake Butler to Brooker and Gainesville routes are interLATA, Southern Bell shall immediately begin taking action to obtain a waiver from Judge Greene if the survey of Lake Butler subscribers passes.

We also find it appropriate to waive the requirements of Rule 25-4.062(4), Florida Administrative Code, which provides for full recovery of costs from the subscribers in the petitioning exchange upon implementation of traditional, two-way, nonoptional EAS. Our experience with cost information that has been submitted to date in other EAS dockets has shown that to permit full recovery of costs would require us to approve rates that would be unacceptable to customers. Surveying customers on such high rates would ensure failure of the survey. Based on the community of interest exhibited along this route, we believe EAS is warranted and that a survey with more reasonable rates should be conducted. Additionally, we have not required cost recovery in any docket for which traditional EAS has been ordered since the effective date of this rule. Therefore, we intend to waive Rule 25-4.062(4), Florida Administrative Code.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the resolution filed by the Union County Board of County Commissioners is hereby approved to the extent outlined in the body of this Order. It is further

ORDERED that if no protest is filed within the time frames set forth below, ALLTEL Florida, Inc. shall, within thirty (30) days of the issuance of the consummating order, survey the

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subscribers in the Lake Butler exchange on the implementation of a flat rate, two-way, nonoptional extended area service plan that complies with the terms and conditions set forth herein. It is further

ORDERED that ALLTEL Florida, Inc. shall submit its survey letter and ballot for our approval prior to its distribution. It is further

ORDERED that certain rules as described herein have been waived for the reasons set forth in the body of this Order. It is further

ORDERED that if the survey passes, the plan described herein shall be implemented by ALLTEL Florida, Inc. and Southern Bell Telephone and Telegraph Company within twelve (12) months of the date of the final order in this docket. It is further

ORDERED that if the survey passes, Southern Bell Telephone and Telegraph Company shall immediately begin taking action to obtain a waiver from Judge Greene for the provision of interLATA services. It is further

ORDERED that the effective date of our action described herein is the first working day following the date specified below, if no proper protest to this Proposed Agency Action is filed within the time frame set forth below. It is further

ORDERED that this docket shall remain open.

By ORDER of the Florida Public Service Commission,  
this 20th day of APRIL, 1990.

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STEVE TRIBBLE, Director  
Division of Records and Reporting

( S E A L )

ABG

by: Kay Flynn  
Chief, Bureau of Records



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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

The action proposed herein is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on May 14, 1990.

In the absence of such a petition, this order shall become effective on the day subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer 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 of the effective date 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.