

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by residents of Ft. White requesting extended area service between Ft. White exchange in Columbia County and Gainesville exchange in Alachua County.

DOCKET NO. 971627-TL
ORDER NO. PSC-99-0593-FOF-TL
ISSUED: April 1, 1999

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON
E. LEON JACOBS, JR.

APPEARANCES:

J. Jeffry Wahlen, Esquire, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302.
On behalf of ALLTEL Florida, Inc.

Michael Zimmerman, Post Office Box 567, Fort White, Florida 32038.
On behalf of the Community of Fort White.

Beth Keating, Esquire, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850.
On behalf of Commission staff.

ORDER REQUIRING SURVEY FOR EXTENDED AREA SERVICE

BY THE COMMISSION:

I. CASE BACKGROUND

On September 17, 1997, the residents of the Fort White exchange submitted a petition with us asking that extended area service (EAS) be implemented between the Fort White and Gainesville exchanges. The Fort White/Gainesville route is an interLATA route served by two local exchange companies (LECs), ALLTEL Florida, Inc.

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FPSC-RECORDS/REPORTING

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(ALLTEL) and BellSouth Telecommunications, Inc. (BellSouth). ALLTEL serves the Fort White exchange, which is located in the Jacksonville Local Access Transport Area (LATA) and covers approximately sixty-five (65) square miles in the southwestern portion of Columbia County. BellSouth serves the Gainesville exchange, which is located in the Gainesville LATA in the central portion of Alachua County. ALLTEL is subject to rate-of-return regulation, pursuant to Chapter 364.052(2), Florida Statutes, while BellSouth has elected to be price regulated, in accordance with Section 364.051(1)(a), Florida Statutes.

Pursuant to Rule 25-4.060(3)(a), Florida Administrative Code, a preliminary showing of a sufficient community of interest to require EAS may be made if there is a calling rate of at least three Messages per Access Line per Month (M/A/Ms) in cases where the petitioning exchange contains less than half the number of access lines as the exchange to which EAS is sought. This rule further requires that at least 50% of the subscribers in the petitioning exchange make two or more calls per month to the larger exchange to qualify for traditional EAS. This rule is applicable to the Fort White/Gainesville route, because the Fort White exchange has 1,630 access lines, which is less than half of the 128,559 access lines in the Gainesville exchange. Therefore, in order to obtain information regarding the calling rate between these exchanges, we ordered ALLTEL to conduct one-way traffic studies from the Fort White exchange to the Gainesville exchange by Order No. PSC-98-0098-FOF-TL, issued on January 15, 1998. We no longer have the authority to require BellSouth to conduct traffic studies, because it is a price regulated local exchange company (LEC).

ALLTEL indicated, however, that it did not have the calling data required by Rule 25-4.060(3)(a), Florida Administrative Code. ALLTEL was able to determine the M/A/M information by using Carrier Access Billing System (CABS) billing data for AT&T, MCI, and Sprint, but did not have the data needed to complete the distribution criteria. The calling rate on the Fort White/Gainesville route exceeded the three or more M/A/M rule requirement. We were, however, unable to determine whether the route met the requirements of Rule 25-4.060(3)(a), Florida Administrative Code, without the distribution criteria data. Thus, by Order No. PSC-98-0950-FOF-TL, issued July 14, 1998, we set this matter for hearing so that we could obtain additional information to assist us in deciding whether the Fort White customers should be surveyed for non-optional, two-way, flat rate EAS.

In addition, we note that the Federal Communications Commission (FCC) issued Order 97-244, on July 15, 1997. By this Order, the FCC allowed certain Bell Operating Companies (BOCs) to serve interLATA routes to provide non-optional, flat rate local calling service only in cases where states found that the routes met specific qualifying factors. This is particularly relevant to the case before us, because the route at issue is an interLATA route. The FCC's Order indicates that the FCC will continue to consider requests for waiver of LATA boundaries in order to allow the provision of flat-rate, non-optional local calling service when a Bell Operating Company (BOC), such as BellSouth, is involved. Based on the FCC's Order, we determined that it was important to hold a hearing in this case to allow the affected subscribers an opportunity to provide additional community of interest criteria to us so that we could determine whether the Fort White customers should be balloted for EAS to Gainesville.

The customer and technical hearings were conducted on January 11, 1999, in Ft. White, Florida. We note that the parties agreed at the prehearing conference that the testimony of BellSouth's witness Martin could be entered into the record without objection and that cross-examination of this witness was waived. We did not, therefore, require counsel for BellSouth to appear for the January 11, 1999, hearing.

II. SURVEY

The Subscribers of Ft. White contended that there is a sufficient community of interest to warrant balloting for non-optional EAS to Gainesville. Of the 16 citizens who testified during the public hearing, all but one supported this initiative. The Subscribers asserted that they supported balloting for EAS even though they were aware that the implementation of EAS would mean an increase to their present phone bill. Witness Zimmerman indicated that he believed that the additive for EAS to Gainesville would be recovered in just one call, particularly when compared to the cost of being put on hold while making a long distance call made from Ft. White to Gainesville. Witness Hollingsworth agreed, stating that "it would be a benefit to us all." Witness Diedeman added that paying the additive "beats paying long distance."

Based upon the witnesses' testimony, the Subscribers' primary community of interest with Gainesville appears to be many doctors, specialists, or hospital facilities located in Gainesville.

Witness George, the mayor of Ft. White, offered that there are 1,500 doctors in Gainesville, while witness Zimmerman stated he was not aware of any in Ft. White. He also stated that the nearest medical facilities to Ft. White residents, besides those located in Gainesville, are those located in Lake City, which is 23 miles away. Witnesses Zimmerman and George also indicated that the Lake City facility is a satellite branch of Shands Hospital. They explained that this facility has a minimal staff, and equipment that they referred to as "hand-me-down type." They added that any type of specialty care would be referred from the facility in Lake City to Gainesville. Witness George further emphasized that Shands is a widely recognized full medical facility equipped to serve the entire region, and that Gainesville offers three full facility hospitals.

Witnesses Griffiths, Lance, Lowery, Hollingsworth, and Riley all testified that they were frequently frustrated when they were forced to incur additional toll charges when their calls were put on hold while trying to reach medical professionals, or others in Gainesville. Witness Griffiths indicated that this sometimes resulted in his calls to doctors' offices being "quite expensive." These witnesses agreed that the toll charges were burdensome, and that relief would be greatly appreciated. Witness Lowery added that getting put on hold for up to 30 minutes is just like "taking half my income."

The Subscribers testified that there are a number of other community of interest factors that link Ft. White to Gainesville, such as educational resources, employment, commerce/shopping, entertainment, including sports, movies, and cultural events, and, especially, the University of Florida.

Witness Presley, a writer, indicated that she frequently makes calls to Gainesville. Witness Presley stated that she uses the research capabilities of the University of Florida to assist her in her work. Witness Hollingsworth contended that he uses the farming-related research from the University. Witness Diedeman added that none of the major information service providers are accessible from Ft. White by making a local call. He indicated that America Online is only available on a dial-up basis by calling two numbers in Gainesville.

Witnesses Williams, M. Zimmerman, George, and E. Zimmerman, further explained the need for non-toll calling to Gainesville due to community growth trends and future potential for Ft. White.

Witness M. Zimmerman estimated that between 30 and 50 percent of Ft. White residents are employed in Gainesville. Witness George stated that eighty-five percent of the growth in Columbia County is in the exchange area of Ft. White, the 497 prefix. Witness Lance estimated that sixty percent of his business is generated from Gainesville. Witness Williams, a realtor, stated that most of her buyers are also from the Gainesville area. She asserted that buyers are reluctant to call her because of the toll charges. Therefore, witness Williams believes that the toll charges are a detriment to her business.

Witness George stated that the Ft. White area is expecting significant growth over the next few years. He explained that this is evident from the new housing developments and businesses in the Ft. White area. He also indicated that a new high school is under construction. Witness Zimmerman estimated that as many as a 1,000 people could move into the Ft. White area because of the new school. Witness George further stated that EAS to Gainesville is "a decided plus" that would make it easier for the school system and businesses in the area to recruit employees, as well as customers, from the Gainesville/Alachua County area. Witness George added that, as the mayor of Ft. White, he is after "the best deal possible" for the citizens of Ft. White, including EAS to Gainesville.

Witnesses Williams and George further testified that they have modified their telephone behavior as a means of avoiding toll charges for Gainesville calls. Witness Williams described using a relay system with the assistance of her son who lives in an exchange that has local calling to Gainesville. Witness George explained that when he was developing his business some years back, he tried to get a dedicated/direct line to High Springs in an attempt to reach the Gainesville market, but it was very expensive. Witness George believed that the residents of Ft. White would likely approve EAS to Gainesville by an eighty-twenty (80/20) margin, in order to avoid having to find ways to circumvent toll charges to Gainesville.

Witness Zimmerman defined the Ft. White community as "the city of Ft. White area having the 497 exchange (Ft. White), as well as the 454 exchange (High Springs) within southern Columbia County." Witness Coward stated that he has a Ft. White mailing address, a High Springs (454) telephone number, and can call Gainesville without toll charges, although he indicated that he shared similar concerns about the calling scope of High Springs. He stated that

everyone in Ft. White should be able to call Gainesville toll-free. He also stated that he did not believe he should have to incur a charge to call Lake City, the county seat of Columbia county. We note, however, that calling from High Springs to Lake City was not an issue in this case.

ALLTEL's witness Eudy stated that because the Ft. White/Gainesville route is a toll route, an interexchange carrier (IXC) handles the call, not ALLTEL. As a result, the witness explained that ALLTEL does not have empirical evidence about the distribution of calls among customers; thus, ALLTEL cannot determine if the route meets the rule requirements for community of interest. ALLTEL's witness asserted, however, that there is a high volume of calls on the Ft. White/Gainesville route, as evidenced in the traffic study. ALLTEL witness Eudy further explained that ALLTEL cannot determine whether the large volume of calls on the Ft. White/Gainesville route is the result of a few customers making a huge number of calls or a large number of customers regularly calling to Gainesville. Nevertheless, the witness noted that high Messages per Access Line per Month (M/A/Ms), such as those for Ft. White/Gainesville route, are generally indicative of a high community of interest.

BellSouth's witness Martin stated that BellSouth did not conduct traffic studies. Also, because the route is an interLATA route, BellSouth does not have traffic data available to determine whether a sufficient community of interest exists. Witness Martin did state, however, that BellSouth would provide two-way EAS from Gainesville if we determine it is warranted. The witness indicated that the agreement was contingent upon full cost recovery.

Upon consideration, we find that there is a sufficient community of interest between the Ft. White exchange and the Gainesville exchange to warrant balloting for non-optional EAS. We agree with the Ft. White subscribers that the Ft. White/Gainesville M/A/Ms are the result of a large number of subscribers regularly calling Gainesville. We find it noteworthy that ALLTEL's witness Eudy indicated that she knew of no large business in Ft. White which could skew the M/A/Ms. Furthermore, we find persuasive the testimony of Ft. White subscribers Peck, Williams, Lance, George, E. Zimmerman, M. Zimmerman, Lowery, Hollingsworth, Riley, Diedeman, and Hines that many subscribers use doctors, specialists, or hospital facilities located in Gainesville. The Subscribers also argued that they rely on Gainesville for educational resources, employment, commerce/shopping, and entertainment. In addition, the

Ft. White subscribers indicated in their post-hearing brief that they would support the EAS 25/25 plan. The evidence of record clearly demonstrates that the Gainesville exchange is a community of significant interest to the citizens of Ft. White. We shall, therefore, require that the Ft. White subscribers in the 497 exchange be surveyed for non-optional, two-way EAS to the Gainesville exchange.

III. ECONOMIC IMPACT

The Subscribers asserted that they only seek to call Gainesville as a local call; thus, they support the 25/25 plan. The witnesses for the Subscribers, witnesses Peck, Griffiths, Lance, M. Zimmerman, Presley, Lowery Hollingsworth, Riley, Farshad, and Hines, indicated that the residents of the Ft. White 497 exchange simply seek equal treatment with the residents of the High Springs exchange, which has toll-free calling to Gainesville. The witnesses acknowledged that there would be an additive on their local bill to obtain EAS.

Only ALLTEL provided the financial impact if EAS was implemented. Witness Eudy explained that implementation of EAS with a 25/25 plan and regrouping would have an annual impact of \$53,071. The witness stated that this amount consists of the foregone revenues from access, billing, and collection, as well as additional costs to be incurred for facilities and directory assistance. ALLTEL's calculations assumed a stimulation factor of eight hundred percent (800%). ALLTEL presented an exhibit that indicated that this stimulation factor was higher than the historic stimulation factor of six hundred percent (600%) due to the expected high interest among subscribers and expected increased Internet usage. These estimations appear to be reasonable.

ALLTEL's witness Eudy proposed additives, \$4.71 for residential service, and \$11.79 for business customers, to recover ALLTEL's full cost of implementing flat-rate non-optional EAS. The witness agreed, however, that a \$2.29 additive for residential service, and a \$6.23 additive for business customers would be appropriate for flat-rate non-optional EAS under the 25/25 plan. The full recovery additives (\$4.71/\$11.79) include forgone revenues associated with implementing flat-rate, non-optional EAS. The other additives witness Eudy references (\$2.29/\$6.23) mirror staff's calculations for flat-rate non-optional EAS under the 25/25 plan. In addition, ALLTEL's witness Eudy stated that she believed

the additives should be permanent, but she agreed that this Commission has historically allowed additives to remain in place for two to four years.

BellSouth's witness Martin stated that BellSouth was willing to implement EAS on this route if BellSouth would be allowed to recover its costs. The witness further stated that implementation would have no impact on Gainesville subscribers. The witness also explained that if we were to determine that ECS or another form of toll relief is warranted, BellSouth believed that terminating switched access rates would be the appropriate rates for terminating traffic on this route.

Upon consideration, we find that the Ft. White subscribers shall be balloted for non-optional EAS under the 25/25 plan with regrouping to the Gainesville exchange. The 25/25 additive is based upon twenty-five percent of the rate group schedule of the exchange to be added, which is Gainesville. The number of access lines for Gainesville places it within BellSouth's rate group six. Thus, the 25/25 additive is determined by multiplying twenty-five percent by the rates in BellSouth's rate group six. This amount is then added to the current Ft. White rate. If, based upon the survey results, we ultimately require the implementation of flat-rate, non-optional, two-way EAS with the 25/25 plan, these additives will remain in place for a four-year period, beginning on the date flat-rate, non-optional EAS is implemented. Based on the evidence, it appears that four years is sufficient time for ALLTEL to recover the costs of implementing EAS on the Ft. White/Gainesville route.

In addition, Ft. White currently falls within ALLTEL's rate group 5. We note that if enlarging the local calling area of an exchange causes the requesting exchange to regroup, the rate for the new rate group will also apply. The calculation of regrouping for subscribers is based on the sum of the current calling scope, which for Ft. White is 44,093 access lines, and the access lines gained by expanding the local calling area, which would be 128,559 access lines for Gainesville. This yields a new calling scope of 172,652 for the Ft. White subscribers. This is still within the range of ALLTEL's rate group five. Therefore, the Ft. White/Gainesville route incurs no regrouping additive. The Ft.

White subscribers shall be balloted for EAS at the rates listed in Table A, which were determined under the 25/25 plan with regrouping:

TABLE A

	PRESENT RATE	25/25 ADDITIVE	RE-GROUP ADDITIVE	TOTAL OF ADDITIVES	NEW RATE
R-1	\$ 9.95	\$ 2.29	\$ 0.00	\$ 2.29	\$12.24
B-1	\$24.70	\$ 6.23	\$ 0.00	\$ 6.23	\$30.93
PBX	\$47.20	\$10.58	\$ 0.00	\$10.58	\$57.78

The survey shall be conducted in accordance with Rule 25-4.063, Florida Administrative Code, and within 45 days of the date of the issuance of this Order. ALLTEL shall submit the newspaper advertisement for Commission staff's review prior to publication. The survey letter and ballot shall be submitted to Commission staff for review prior to distribution to ALLTEL customers. In addition, ALLTEL shall provide Commission staff with a copy of the published newspaper advertisement.

IV. DIALING PATTERN

ALLTEL's witness Eudy argued that 10-digit dialing is important for two reasons. First, it provides the most efficient utilization of code. It also is a means to effectuate a unique calling pattern. We agree that these are valid purposes, because we face challenges posed by code exhaustion issues with increasing frequency. We have, in the past, found ten-digit dialing patterns to be appropriate for inter-Numbering Plan Area (NPA) EAS routes, because it eliminates the possibility that customers may, at some point in the future, have to change dialing patterns again from seven-digit dialing to 10-digit dialing due to area code relief plan implementation.

The Ft. White/Gainesville route is interLATA and interNPA. Ft. White subscribers currently dial 11 digits when calling Gainesville and vice versa. We believe that shifting from 11-digit dialing to 10-digit dialing would minimize confusion for all

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subscribers. Thus, upon consideration of the evidence presented, we find that 10-digit dialing is appropriate on the Ft. White/Gainesville route.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that, in accordance with Rule 25-4.063, Florida Administrative Code, ALLTEL Florida, Inc. shall survey the subscribers of the Ft. White exchange for extended area service under the 25/25 plan with regrouping to the Gainesville exchange with the terms and conditions set forth herein within 45 days of the issuance of the issuance of this Order. It is further

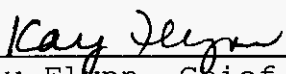
ORDERED that ALLTEL Florida, Inc. shall submit a copy of the survey letter and ballot to Commission staff prior to distribution to customers. It is further

ORDERED that ALLTEL Florida, Inc. shall submit the newspaper advertisement explaining the survey to Commission staff for review prior to publication and shall also provide Commission staff with a copy of the published advertisement. It is further

ORDERED that this docket shall remain open pending the outcome of the survey.

By ORDER of the Florida Public Service Commission this 1st day of April, 1999.

BLANCA S. BAYÓ, Director
Division of Records and Reporting



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 120.569(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 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.