

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Resolution by Holmes
County Board of County
Commissioners for extended area
service in Holmes County.

DOCKET NO. 870248-TL

In re: Request by Gilchrist
County Commissioners for
extended area service throughout
Gilchrist County.

DOCKET NO. 870790-TL

In re: Resolution by the Orange
County Board of County
Commissioners for extended area
service between the Mount Dora
exchange and the Apopka,
Orlando, Winter Garden, Winter
Park, East Orange, Reedy Creek,
Windermere, and Lake Buena Vista
exchanges.

DOCKET NO. 900039-TL

In re: Resolution by Bradford
County Commission requesting
extended area service within
Bradford County and between
Bradford County, Union County
and Gainesville.

DOCKET NO. 910022-TL

In re: Request by Putnam County
Board of County Commissioners
for extended area service
between the Crescent City,
Hawthorne, Orange Springs, and
Melrose exchanges, and the
Palatka exchange.

DOCKET NO. 910528-TL

In re: Request by Pasco County
Board of County Commissioners
for extended area service
between all Pasco County
exchanges.

DOCKET NO. 910529-TL

DOCUMENT NUMBER-DATE

09785 AUG 17 88

FPSC-RECORDS/REPORTING

In re: Request for extended area service between all exchanges within Volusia County by Volusia County Council.

DOCKET NO. 911185-TL

In re: Resolution by the Palm Beach County Board of County Commissioners for extended area service between all exchanges in Palm Beach County.

DOCKET NO. 921193-TL

In re: Petition by the residents of Polo Park requesting extended area service (EAS) between the Haines City exchange and the Orlando, West Kissimmee, Lake Buena Vista, Windermere, Reedy Creek, Winter Park, Clermont, Winter Garden and St. Cloud exchanges.

DOCKET NO. 930173-TL
ORDER NO. PSC-99-1616-FOF-TL
ISSUED: August 17, 1999

The following Commissioners participated in the disposition of this matter:

JOE GARCIA, Chairman
J. TERRY DEASON
SUSAN F. CLARK

FINAL ORDER ON ONE-WAY EXTENDED CALLING SERVICE (ECS)
AND NOTICE OF PROPOSED AGENCY ACTION ORDER ON
DIALING AND CUSTOMER INFORMATION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission that the action discussed herein regarding 10-digit dialing and information to customers is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code.

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I. CASE BACKGROUND

A. **Consolidated One-way ECS Dockets Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, and 930173-TL**

We suspended action in Dockets Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, and 930173-TL pending our review of the impact of the Telecommunications Act of 1996 (the Act) on outstanding requests for interLATA extended area service (EAS) on BellSouth Telecommunications, Inc.'s (BellSouth) routes. Initially, we were concerned about proceeding with action in these dockets, because of the apparent implications of Section 271 of the Act. Under Section 271, Bell operating companies (BOCs) are prohibited from originating interLATA traffic until the BOCs meet certain conditions. In addition, under Section 272, a BOC may only originate interLATA telecommunications services through a separate and independent affiliate. On November 18, 1996, our staff conducted a workshop on this matter.

After thoroughly reviewing the Act, the issues presented, and the comments filed by the workshop participants, we determined, by Order No. PSC-97-0622-FOF-TL, issued May 30, 1997, that BellSouth should be relieved of the requirement to seek Federal Communications Commission (FCC) approval to carry the interLATA traffic set forth in Order No. PSC-96-0557-FOF-TL. We also relieved BellSouth of the requirement to implement the BellSouth-to-BellSouth interLATA extended calling service (ECS) routes set forth in that Order, because of the Act's impact on BellSouth's ability to carry interLATA traffic. In addition, we ordered that Docket Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, and 930173-TL, which were in various procedural stages, remain open pending a determination of whether one-way ECS was feasible. Thereafter, by Order No. PSC-97-1462-PCO-TL, Order No. PSC-98-0537-FOF-TL, and Order No. PSC-98-0585-PCO-TL, the dockets identified were consolidated for hearing purposes only.

The purpose of the consolidated proceeding was to consider and address the feasibility of one-way ECS. At the prehearing, the parties asked that they be allowed to brief the issues in lieu of proceeding with the formal hearing. The parties also agreed to include in their briefs proposed rates to be charged to the end-

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user customers and an analysis of their cost of providing service to the customers with and without usage stimulation. The prehearing officer granted the parties' request by Order No. PSC-98-0708-PHO-TL, issued May 22, 1998. Counsel for the parties were excused from attendance at the hearing. The hearing was convened on May 27, 1998, for purposes of entering testimony and exhibits into the record. The parties filed their briefs on June 17, 1998.

We note that we did not consider additional evidence on community of interest in this consolidated proceeding, because we have already determined, in previous decisions specific to each Docket, that an alternative form of toll relief was warranted. The issues in the consolidated proceeding arose, because each of the dockets included interLATA routes in which at least one of the exchanges was served by BellSouth.

At our August 18, 1998, Agenda Conference, our staff's post-hearing recommendation was deferred to allow our staff to investigate whether the local exchange companies (LECs) could implement 1+10 digit dialing on the routes involved in these dockets. We also directed our staff to investigate how customers would be made aware that ECS is available to them. In addition, ALLTEL was directed to refile its Hearing Exhibit 1 to reflect corrected cost and revenue information. On September 15, 1998, our staff held a workshop on the dialing issue.

We again deferred consideration of this matter from our November 3, 1998, Agenda Conference to allow our staff additional time to discuss possible alternatives methods of providing toll relief with the FCC staff. The result of those discussions is set forth in Section B below.

B. Discussions with the FCC

On July 15, 1997, the FCC issued Order 97-244. That order addressed several petitions for modification of LATA boundaries to allow Ameritech, Bell Atlantic, BellSouth, Southwestern Bell, and US West to provide expanded local calling service. Therein, the FCC determined that the need for certain expanded local calling routes outweighed any anticompetitive risks, and therefore, it approved 23 of the requests to modify LATA boundaries. In addition, in Section V of Order 97-244, Future LATA Modification Requests, the FCC set forth specific guidelines to assist BOCs in

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filing future LATA modification petitions. In view of the FCC's indication that it would continue to consider future LATA modification petitions, our staff believed that there might be avenues for relief in many of the outstanding EAS/ECS dockets.

Soon thereafter, in Docket No. 941281-TL, we required Sprint-Florida, Inc. (Sprint) and BellSouth to implement nonoptional, two-way, flat rate EAS between the Groveland exchange and the Orlando, Winter Garden, and Windermere exchanges, and ordered BellSouth to apply to the FCC for a waiver to modify the LATA boundary, by Order No. PSC-98-0308-FOF-TL, issued February 23, 1998. The FCC granted BellSouth's petition for waiver on July 14, 1998. EAS was implemented for these routes on April 30, 1999.

Just a few weeks prior to BellSouth obtaining the waiver from the FCC, we had expressed our frustration that we were unable to provide toll relief on the routes at issue in a separate docket that had not been a part of the one-way ECS proceeding, Docket No. 930235-TL. By Order No. PSC-98-0794-FOF-TL, issued June 8, 1998, we determined that there was insufficient evidence of community of interest on the routes at issue in Docket No. 930235-TL to warrant surveying the customers for nonoptional EAS, but we directed 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." Order at p. 8. Thus, our staff began to review the criteria set forth in FCC Order 97-244 and to discuss with the FCC's staff whether the criteria could be applied to routes other than nonoptional two-way EAS routes. BellSouth's success in obtaining a waiver in Docket No. 941281-TL further encouraged us to find an alternative means of providing relief for the routes in Docket No. 930235-TL, as well as in the outstanding ECS dockets.

In January, 1999, our staff presented a proposal to the FCC staff on two-way interLATA ECS. It appeared that this proposal addressed all of the criteria set forth in FCC Order 97-244, and, therefore, would provide a basis for the FCC to grant BellSouth waivers of the LATA boundaries to implement nonoptional two-way ECS. Our staff received a tentative, but favorable, response from the FCC staff in April, 1999. In view of this response, our staff recommended implementation of the proposal made to the FCC's staff for all the outstanding routes in Dockets Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, 930173-TL, and 930235-TL. We deferred consideration of the

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proposal to allow our staff to address billing and implementation concerns identified by several of the parties.

Each of the LECs involved, BellSouth, Sprint, GTE Florida, Inc. (GTEFL), and ALLTEL Florida, Inc. (ALLTEL), indicated that the two-way proposal presented significant billing concerns for each company. Due to these billing issues, the companies indicated that they would likely be unable to implement the proposal any sooner than the second quarter of 2000.

In addition, BellSouth expressed concerns about expending a significant amount of money and resources to survey the numerous routes at issue without a definitive statement from the FCC or its staff supporting the proposal. Therefore, our staff contacted the FCC's staff on June 11, 1999, and again on June 14, 1999. In those discussions, the FCC's staff retreated from its previous acquiescence to our staff's two-way proposal. The FCC's staff emphasized that while the proposal did provide additional community of interest information, the proposal recommended implementation of measured rate service, instead of flat-rate service (EAS).

As a result of the FCC staff's apparent change in its position and in light of the significant billing problems identified by the LECs, our staff presented its original post-hearing, one-way ECS recommendation for our consideration. Based upon the stance taken by the FCC's staff, we agree that the one-way ECS toll relief plan approved herein is the only viable option for relief on these routes at this point in time. We note that we do not address Docket No. 930235-TL in this Order, because that Docket was not addressed in the one-way ECS hearing. We will address whether further action shall be taken in that Docket by separate order.

II.

ONE-WAY ECS

A. Implementation of One-Way ECS

ALLTEL's witness Eudy contended that our previous decisions addressing the propriety of alternative toll plans were based on community of interest considerations that were in effect when the decisions were made. Witness Eudy argued that all of the routes at issue in these dockets have very low traffic volumes. In addition, the witness emphasized that none of these routes qualified for two-way, flat rate, nonoptional EAS or the \$.25 plan.

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Witness Eudy further contended that, as the market changes, ECS plans will become less attractive as alternative toll plans. The witness asserted that one-way ECS is appropriate only if the LEC is allowed to price the service at a level that allows it to recover all of the costs associated with providing the service. Witness Eudy maintained that it would not be consistent with sound regulatory policy for us to impose a one-way ECS requirement that does not allow ALLTEL to recover all of the costs associated with providing the service from the customers using the service.

In its brief, ALLTEL argued that if we allow ALLTEL to price the service to recover all of the costs of providing the service from the customers using the service, the resulting price would be higher than prevailing toll rates, and the service would not be perceived by customers as a viable toll alternative. ALLTEL added that we should not let community of interest concerns override the ever increasing need to price services in a manner that requires subscribing customers to bear the cost of the service. In addition, ALLTEL contended that the existing toll rates on the routes in question are being provided at rates below the compensatory rates proposed by ALLTEL; thus, we should find that an alternative toll plan is not appropriate.

GTEFL witness Scobie contended that, ideally, competitive market forces would provide the most economically efficient alternatives for customers on these interLATA routes. He suggested that toll prices will likely continue their downward trend in the coming years. The witness also argued that the marketplace would determine the appropriate service and rate level for this interLATA traffic where some community of interest exists. In its brief, GTEFL further argued that regulatory intervention is not necessary based on progress in the market towards competition. Witness Scobie noted, however, that GTEFL is not opposed to providing ECS, because we have previously determined that some form of toll relief is warranted.

Sprint's witness Powell argued that one-way ECS is appropriate on these routes if appropriate originating end user rates and call termination compensation arrangements are also ordered.

BellSouth's witness Martin contended that due to the absence of traffic data on these routes, BellSouth does not have a position and is unable to determine whether a sufficient community of interest exists.

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The FCCA did not file direct testimony in this case. FCCA did, however, present its argument in its post-hearing brief. The FCCA noted that most of the dockets in question are quite old and arose prior to the 1995 revisions to Chapter 364, Florida Statutes, and prior to the passage of the federal Telecommunications Act of 1996 (Act). The FCCA argued that after the passage of the Act, activity in these dockets was suspended to consider the impact of the Act on the cases. The FCCA noted that we have already determined that due to the passage of the Act, BellSouth is currently prohibited from originating traffic on these interLATA routes.

The FCCA further argued that both the Act and the 1995 revisions to Chapter 364, Florida Statutes, envision a fundamental shift in the telecommunications market. FCCA suggested that market forces will bring about competition, and that we should not use regulation as a substitute for competitive market forces. FCCA stated that, in this competitive market, it is not our role to require carriers to provide particular services. FCCA asserted that carriers must be responsible for deciding what services they will offer based on the types of services and the packages of services which the market demands. FCCA maintained that we should refrain from ordering any more ECS routes because such plans stifle competition contrary to the legislative intent of applicable state and federal telecommunications laws.

DETERMINATION

At the outset, we emphasize that we have not reevaluated the level of community of interest on these routes. Instead, we have sought a means to provide the customers on these routes with some form of toll relief.

We acknowledge ALLTEL's concerns that it should be allowed to recover all of its costs associated with implementing one-way ECS. We have not, however, historically, considered cost when we have ordered implementation of alternative toll plans. If necessary, Chapter 364, Florida Statutes, provides possible avenues for relief for rate-of-return regulated LECs, as well as price cap regulated LECs. We note that ALLTEL was a rate-of-return regulated LEC when this proceeding was initiated through the May 27, 1998, hearing.

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We agree with GTEFL's and FCCA's argument that competitive market forces could prove to be the most economically efficient alternatives to toll relief. These dockets, however, arose prior to the Act and the 1995 revisions to Chapter 364, Florida Statutes, under a regime of rate-of-return regulation. Indeed, some of these dockets are over 11 years old. Because of federal prohibitions imposed on BellSouth after these dockets were opened, the routes at issue in these dockets could not be implemented. In addition, we do not have the authority to order EAS or ECS for exchanges involving price-regulated LECs because of revisions to Chapter 364, Florida Statutes. Therefore, for many of the customers affected by these dockets, this proceeding is their last opportunity for us to take action on their behalf. One-way ECS appears to be the only viable option left to provide toll relief to these customers. We do, however, agree with Sprint's argument that appropriate originating end user rates and call termination compensation arrangements must be determined.

Upon consideration, we find that GTEFL, Sprint, and ALLTEL shall implement one-way ECS on the routes set forth in Attachments A and B, which are attached and incorporated herein, as soon as possible, but not to exceed eight months from the issuance date of this Order.

As for the 12 interLATA BellSouth to BellSouth routes, identified in Attachment C, which is attached and incorporated to this Order, the Act is clear that BellSouth cannot originate interLATA traffic. Because these routes involve BellSouth at both ends, ECS is not possible for these routes. Therefore, we shall not order any toll relief to be implemented on these routes.

B. Charge for Terminating Traffic and Economic Impact

ALLTEL's witness Eudy contended that if the rate design and rate levels for the one-way ECS service are set properly, there should be no economic impact on ALLTEL as the originating LEC.

GTEFL's witness Scobie indicated that if we determine that one-way ECS is appropriate on the interLATA routes in question, BellSouth would be justified in charging terminating switched access for this traffic. The witness contended that this would be consistent with previously executed local interexchange agreements between GTEFL and BellSouth in other states.

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Sprint's witness Powell stated that BellSouth should charge the same interLATA terminating access rates that BellSouth charges IXCs to terminate traffic between these exchanges. Sprint's witness asserted that all of these routes are interLATA routes, and all carriers providing service over these routes should be subject to the same charges. Sprint argued in its brief that it would be discriminatory to do otherwise. Witness Powell further asserted that as long as the traffic flowing in one direction, from BellSouth to Sprint, is toll, local interconnection rates should not apply.

BellSouth's witness Martin stated that the Telecommunications Act of 1996 prohibits it from any unjust or unreasonable discrimination in charges when terminating interLATA traffic. The witness stated that the IXCs completing calls on these routes are charged terminating access rates, and it would appear that terminating access rates must also be charged to a LEC completing calls on the same routes.

BellSouth further argued in its brief that it is required to charge IXCs, which complete calls on the subject routes, terminating access rates for terminating this traffic. See BellSouth's Access Service tariff, E.1.1 et seq. BellSouth emphasized that while the Act does not prohibit BellSouth from terminating this interLATA traffic, it does prohibit BellSouth from making any unjust or unreasonable discrimination in charges for the termination, as set forth in 47 U.S.C. § 202(a). BellSouth argued that unless it charges terminating access rates to a LEC originating the interLATA ECS call, as it would an IXC on the same route, an IXC might claim that BellSouth is unjustly discriminating in the application of access charges. BellSouth maintained that we have already recognized this limitation, as stated in Order No. PSC-97-0622-FOF-TL at p. 14:

Even if BellSouth can terminate interLATA traffic, it cannot make any unjust or unreasonable discrimination in termination charges (47 U.S.C. § 202(a)). Therefore, unless BellSouth charges terminating access to the LEC originating the interLATA ECS call, BellSouth could be considered to be unjustly discriminating in the application of its access charges.

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BellSouth also argued that Section 364.16(3)(a), Florida Statutes, prohibits a local exchange company from delivering traffic for which terminating access service charges would otherwise apply through the use of a local interconnection agreement. Accordingly, BellSouth contended that both the Act and Chapter 364, Florida Statutes, prohibit BellSouth from charging interconnection rates as suggested by FCCA.

The FCCA acknowledged in its brief that BellSouth cannot discriminate as to the rates it charges all carriers. FCCA stated that it is concerned about the amount of the charge and whether it should be the same as local interconnection charges. FCCA argued that in Florida Interexchange Carriers Association v. Beard, 624 So.2d. 248 (Fla. 1993), regarding FIXCA's, FCCA's predecessor organization, challenge to certain GTEFL ECS routes, the court found that the ECS routes at issue were local routes. FCCA argued that we have recognized in various orders that the calls on these types of routes are local. Thus, FCCA contended that the ECS routes in question should be viewed as local routes for purposes of determining the termination charge BellSouth may levy on its competitors.

FCCA also argued that it is important to have appropriate carrier-to-carrier rates in order to foster competition. FCCA suggested that if the appropriate carrier-to-carrier rates are set for these routes, it would be possible to have greater competition on the routes at issue, and would foster open and competitive telecommunications markets.

As for the economic impact of implementing one-way ECS, we note that BellSouth indicated that it does not have sufficient information to take a position on the impact that one-way ECS with a termination charge would have on the originating LECs. FCCA also did not take a position on this issue.

ALLTEL's witness Eudy argued that its service territory consists of predominantly rural, agricultural areas, and it does not serve a major urban area or city. Witness Eudy emphasized that these rural routes tend to be more costly to serve, both in terms of the cost of initial construction and maintenance. The witness contended that while ALLTEL has not determined the actual dollar costs associated with provision of a one-way ECS plan, it has been able to determine the kinds of costs involved in the provision of this service. Witness Eudy asserted that these costs include the

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costs to lease or build the facilities needed to carry the traffic, the costs of originating the calls, whatever terminating charge may be applicable, lost access charge revenues, lost billing and collection revenues, and administrative costs such as billing system changes. The witness estimated these costs would be \$525,185 annually.

GTEFL's witness Scobie contended that there is an unknown that makes a direct comparison difficult in attempting to examine the economic impact. The witness explained that the access revenues to GTEFL would be \$.256 per call under an access environment, versus GTEFL's proposed \$.30 in an ECS environment, assuming that the residential call duration would be less as an interLATA toll call than as an ECS message-rated call, and also assuming that the call duration is at least five minutes. The witness argued that if a business call lasts for 2.5 minutes, which is the same duration as the average ECS business call, GTEFL would receive a little over \$.128 per business message in access revenues. Under an ECS usage-sensitive structure, GTEFL would receive \$.19 per average business message. Witness Scobie indicated that the company assumed that a business call was much less price elastic, and a business would be much more likely to have the same duration on a call that had a business purpose.

Sprint's witness Powell explained that if the \$.10 and \$.06 rates and BellSouth's terminating intrastate premium rates listed in the Commission's Access and Toll Report are used, Sprint would incur a negative financial impact of \$21,000 a year based on the results of the traffic study conducted on the routes in question.

DETERMINATION

Upon consideration, we agree with ALLTEL, GTEFL, Sprint, and BellSouth that BellSouth's terminating switched access charge is the appropriate rate, because the IXCs currently competing on these routes are charged terminating access rates. Thus, it is only appropriate that LECs be charged the same rate in order to avoid discriminatory treatment.

We disagree with FCCA's argument that the local interconnection rates should apply. In the case referenced by FCCA, we determined that the ECS routes were local, and, therefore, not competitive routes. The Court simply upheld our decision. It did not make a separate, independent finding that the routes were

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local, non-competitive routes. In this instance, however, the routes at issue in these dockets will not be classified as local routes and will continue to be competitive routes. Thus, the decision referenced by FCCA may be distinguished.

Based on the information in the record, it is not clear what the economic impact to GTEFL will be. It does, however, appear to be relatively insignificant based upon GTEFL witness Scobie's indication that the company would be willing to implement one-way ECS on these routes. The economic impact to Sprint, if the \$.10 and \$.06 rates and BellSouth's terminating access are used, would be \$21,000 a year. It appears that the impact to ALLTEL using the \$.10 and \$.06 rates would be \$275,404.

C. Rates

ALLTEL's witness Eudy proposed a rate design that is similar to the rate design used for business customers under our traditional \$.10/\$.06 plan. The witness explained that this rate design would apply to all customers, who would be charged one rate for the first minute and a lower rate for subsequent minutes. This would allow ALLTEL to recover all costs associated with the one-way ECS proposal. Although the structure is similar to our \$.10/\$.06 plan, ALLTEL proposed that it be allowed to charge the rate of \$.20 for the first minute and \$.14 for every minute thereafter in order to recover the cost of providing ECS.

GTEFL's witness Scobie testified that the present level of \$.10 for the first minute and \$.06 for each additional minute would be appropriate to charge business customers, but residential customers should be charged \$.30 per call. The witness contended that GTEFL took the average residential ECS message length of 6.2 minutes and multiplied that by GTEFL's local interconnection origination rate of \$.004 per minute and the BellSouth terminating switched access rate of \$.023189 per minute. Witness Scobie stated that the total was slightly over \$.20 for an average call, which yields a rate of \$.294 per message when multiplied by the GTEFL overhead factor of 47%.

In its brief, GTEFL suggested, instead, a usage-sensitive rate equal to the business rates. GTEFL agreed with Sprint that a per-minute rate will mitigate inter-carrier advantage and be more competitively neutral. GTEFL also agreed with Sprint and ALLTEL that ECS will most closely reflect the carriers' underlying costs

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with a usage-based structure, an objective that is critical in a competitive marketplace. GTEFL added that the per minute cost on the ECS routes terminating in a BellSouth exchange are about four times greater than routes terminating in other GTEFL exchanges.

Sprint asserted that in order to recover the terminating access charge expenses, the originating call set-up and transport costs, and to provide some contribution to common costs, a per minute of use rate structure would be appropriate. Sprint's witness contended that its current rate for business customers on ECS routes of \$.10 for the initial minute and \$.06 for additional minutes is appropriate for both business and residential customers on these interLATA routes. Sprint's witness Powell stated that a per minute rate, rather than a per message rate, will mitigate inter-carrier arbitrage and be more competitively neutral. Sprint suggested that if it were required to provide ECS on a per message basis, while its competitors charged by the minute, Sprint would win all the "losers" (callers with long call durations), while callers with short call durations would use a competitor. Sprint's witness offered an example of a customer using the LECs to place long duration calls like to their Internet provider, and using casual dialing to an IXC for shorter calls. The witness argued that this could result in Sprint paying more in terminating access charges than it collects in revenues from the originating callers. Sprint believed that this would limit its ability to compete for customers with short holding times. Witness Powell stated that a usage-sensitive rate structure would maintain a competitive balance, and that competitive neutrality requires that a usage-sensitive pricing structure be implemented.

DETERMINATION

Based on the evidence presented, we do not believe that ALLTEL's proposal of \$.20 for the first minute and \$.14 for each additional minute is appropriate. While ALLTEL's proposal would recover the cost of implementing one-way ECS, it would provide very little, if any, rate relief to its end users. We do, however, agree with ALLTEL, GTEFL, and Sprint that usage-sensitive pricing is appropriate for residential and business calls on these routes. Because the LECs will be paying per minute rates to BellSouth to complete the interLATA calls at issue, it seems appropriate that all end users pay a per minute rate as well. As argued by Sprint, a usage-sensitive rate structure will maintain a competitive balance, and prevent inter-carrier arbitrage. It appears that

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usage-sensitive pricing will ensure cost recovery and mitigate competitive barriers on the routes in question. Therefore, upon consideration, one-way ECS shall be implemented on these routes with rates of \$.10 for the first minute and \$.06 for each additional minute for both residential and business calls.

Proposed Agency Action

D. Dialing Pattern

As noted in the Case Background, our staff conducted a workshop to determine if the parties could implement interLATA one-way ECS on a 1+10 digit basis. GTEFL, Sprint, and ALLTEL stated that 1+10 digit dialing is not possible on these interLATA calls. They contend that the switch recognizes "1+10" as an interLATA call and therefore, it would be routed to the customer's presubscribed interLATA carrier, not the LEC. In order for the LEC to carry the interLATA call, it must be dialed on a 10-digit basis. We note that 7-digit dialing is discouraged, because the Act requires the LECs to offer dialing parity with its competitors. FCCA did not indicate a position in this matter.

We have also been informed by the companies that intercept recordings can not be used to inform a customer who dialed 1+10 digits in error that a call may be completed by the LEC if 10-digits are dialed. The companies explained that the intercept recordings are for "toll access required" and "toll access digit not required" calls.

Upon consideration, we shall require that 10-digit dialing for these interLATA ECS routes, which is consistent with our decision in Order No. PSC-98-0597-FOF-TL, issued April 27, 1998, in Docket No. 980048-TL (813 area code relief).

Proposed Agency Action

E. Customer Information

We also asked our staff to investigate how affected customers would be made aware that one-way ECS was to be implemented. The companies indicated that they currently notice customers of pending ECS routes through bill stuffers. These bill stuffers provide detailed information regarding the rates, the routes, the NXXs involved, and the dialing patterns.

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Since the bill stuffers seem to be working for GTEFL, Sprint, and ALLTEL, we find it appropriate to require the LECs, at a minimum, to notify their customers by bill stuffer of the pending implementation of one-way ECS. The bill stuffer shall include the rates, the routes, the NXXs involved, and the dialing patterns. A toll-free number shall also be provided for customers desiring additional information or clarification.

III. CONCLUSION

Based on the foregoing, we find it appropriate to require one-way ECS to be implemented within 8 months from the issuance of this Order on the routes identified in Attachments A and B, which are attached and incorporated herein by reference. One-way ECS shall be implemented originating from the non-BellSouth exchange and terminating in the BellSouth exchange. Usage-sensitive rates of \$.10 for the first minute and \$.06 for each additional minute shall apply for both residential and business calls. Ten-digit dialing shall be required on these routes. Also, the companies shall be required to notice affected customers of the availability of ECS by bill stuffer, which shall include the rates, the routes, the NXXs involved, the dialing patterns, and a toll-free number for customers seeking additional information. In addition, BellSouth shall charge ALLTEL, Sprint, and GTEFL its terminating switched access charge for terminating traffic on these routes.

One-way ECS shall not be implemented on the routes identified in Attachment C, which is attached and incorporated herein by reference.

Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that one-way Extended Calling Service shall be implemented within 8 months from the issuance date of this Order on the routes identified in Attachments A and B, which are attached and incorporated herein by reference, in the manner and at the rates set forth in the body of this Order. It is further

ORDERED that one-way ECS shall not be implemented on the routes identified in Attachment C, which is attached and incorporated herein by reference. It is further

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ORDERED that the companies shall provide for 10-digit dialing on these routes. It is further

ORDERED that BellSouth Telecommunications, Inc. shall charge Sprint-Florida, Incorporated, GTE Florida Incorporated, and ALLTEL Florida, Inc. its terminating switched access rate for terminating traffic on these routes. It is further

ORDERED that Sprint-Florida, Incorporated, GTE Florida Incorporated, and ALLTEL Florida, Inc. shall inform the impacted customers on these routes in the manner set forth in the body of this Order. It is further


ORDERED that the provisions of this Order regarding dialing pattern and customer information are issued as proposed agency action and shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that protest of the proposed agency action provisions of this Order shall not impair the effectiveness of the final actions herein taken. It is further

ORDERED that in the event the proposed agency action provisions become final, these Dockets shall be closed upon issuance of a Consummating Order.

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By ORDER of the Florida Public Service Commission this 17th
day of August, 1999.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

BK

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.

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The action proposed herein regarding dialing pattern and customer information is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on September 7, 1999.

In the absence of such a petition, these proposed agency action provisions shall become final and effective upon the issuance of a Consummating Order.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

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.

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Attachment A			
SPRINT AND GTEFL ROUTES INVOLVING BELLSOUTH			
FROM	TO	DOCKET NO.	LOCAL EXCHANGE COMPANY (S) INVOLVED
Ponce de Leon	Graceville	870248-TL	Centel and BellSouth
DeFuniak Springs	Graceville	870248-TL	Centel and BellSouth
Mt. Dora	Orlando	900039-TL	United and BellSouth
Lawtey	Gainesville	910022-TL	Centel and BellSouth
Starke	Gainesville	910022-TL	Centel and BellSouth
Hudson	Brooksville	910529-TL	GTEFL and BellSouth
Orange City	Daytona Beach	911185-TL	United and BellSouth
Orange City	New Smyrna Bch	911185-TL	United and BellSouth
Orange City	Oak Hill	911185-TL	United and BellSouth
Orange City	Pierson	911185-TL	United and BellSouth
Clewiston	Belle Glade	921193-TL	United and BellSouth
Haines City (Haines City and the 427 Exception Area)	Orlando	930173-TL	GTEFL and BellSouth

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Attachment B

ALLTEL ROUTES INVOLVING BELLSOUTH

FROM	TO	DOCKET NO.	LOCAL EXCHANGE COMPANY (S) INVOLVED
Branford	Trenton	870790-TL	ALLTEL and BellSouth
High Springs	Trenton	870790-TL	ALLTEL and BellSouth
Branford	Newberry	870790-TL	ALLTEL and BellSouth
Raiford	Gainesville	910022-TL	ALLTEL and BellSouth
Interlachen	Hawthorne	910528-TL	ALLTEL and BellSouth
Interlachen	Keystone Heights	910528-TL	ALLTEL and BellSouth
Florahome (659)	Keystone Heights	910528-TL	ALLTEL and BellSouth
Melrose	Palatka	910528-TL	ALLTEL and BellSouth
Orange Springs	Palatka	910528-TL	ALLTEL and BellSouth

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Attachment C

BELLSOUTH TO BELLSOUTH ROUTES

FROM	TO	DOCKET NO.	LOCAL EXCHANGE COMPANY (S) INVOLVED
Keystone Heights	Palatka	910528-TL	BellSouth
Hawthorne	Palatka	910528-TL	BellSouth
DeBary	Daytona Beach	911185-TL	BellSouth
DeBary	New Smyrna Bch	911185-TL	BellSouth
DeBary	Dillon Springs	911185-TL	BellSouth
DeBary	Oak Hill	911185-TL	BellSouth
DeBary	Pierson	911185-TL	BellSouth
Sanford	Daytona Beach	911185-TL	BellSouth
Sanford	DeLeon Springs	911185-TL	BellSouth
Sanford	New Smyrna Bch	911185-TL	BellSouth
Sanford	Oak Hill	911185-TL	BellSouth
Sanford	Pierson	911185-TL	BellSouth