

FLORIDA PUBLIC SERVICE COMMISSION  
FLETCHER BUILDING  
101 EAST GAINES STREET  
TALLAHASSEE, FLORIDA 32399-0850

M E M O R A N D U M

OCTOBER 6, 1988

TO : DIRECTOR OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [DUFF] *BB*  
DIVISION OF LEGAL SERVICES [SCHIRO] *Plus*

RE : **DOCKET NO. 870790-TL** - REQUEST FOR EAS THROUGHOUT GILCHRIST COUNTY

AGENDA : OCTOBER 18, 1988 - CONTROVERSIAL - PARTIES MAY PARTICIPATE - PROPOSED AGENCY ACTION

PANEL : FULL COMMISSION

CRITICAL DATES : NONE

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ISSUE AND RECOMMENDATION SUMMARY

ISSUE 1: Should the subscribers of Gilchrist County be surveyed for countywide calling at the rates recommended in the staff analysis?

RECOMMENDATION: Yes, ALLTEL and Southern Bell should be ordered to survey the subscribers in the Branford, High Springs, Newberry, and Trenton exchanges at the rates recommended in the staff analysis. The companies should be required to survey the customers within thirty (30) days of the date of the final Order in this docket. The companies should be required to submit the ballots, along

DOCUMENT NUMBER-DATE

10610 OCT-6 1988

PSC-RECORDS/REPORTING

DOCKET NO. 870790-TL  
OCTOBER 6, 1988

with the letters to accompany the ballots, for staff approval prior to mailing.

ISSUE 2: Should this docket remain open?

RECOMMENDATION: Yes, this docket should remain open pending the outcome of the survey.

BACKGROUND

This docket was initiated by a resolution filed with this Commission on July 22, 1987, by the Gilchrist County Board of County Commissioners. By Order No. 17943, issued August 6, 1987, the Southern Bell Telephone Company and ALLTEL Florida Telephone Company were required to conduct traffic studies on all non-EAS toll routes in Gilchrist County.

As part of the traffic studies, the companies submitted the following demographic information. The Gilchrist County seat is located in Trenton. The Newberry exchange is comprised of many retirees and second homes. The average income level is lower to middle income. The western twenty percent (20%) of the Newberry exchange is located in Gilchrist County, while the rest of the exchange is located in Alachua County. The residents in the western twenty percent (20%) of the county go to school, shop, and have post office delivery in Trenton. The residents of the middle sixty percent (60%) of the Newberry exchange, located in Alachua County, are tied to Newberry for schools and shopping. For medical treatment, some residents go south to Williston, but most go east to Gainesville. The residents of the eastern twenty percent (20%) of the Newberry exchange have a community of interest with Gainesville.

The average income level in the Trenton exchange ranges from lower to middle income levels. Medical facilities, schools and some stores are located in Trenton.

ALLTEL reports that the community of interest for the Gilchrist County residents in the Branford, Newberry and High Springs exchanges are the governmental offices, banks and other businesses located in Trenton.

Gilchrist County consists of the following non-EAS routes (see map, Attachment I):

<u>ROUTE</u>	<u>MILEAGE</u>
Branford to High Springs	22
Trenton to Newberry	13
Branford to Trenton	25
High Springs to Trenton	21
Branford to Newberry	30

The Branford to Trenton, High Springs to Trenton and Branford to Newberry routes are interLATA routes. Staff would also note that all of the exchanges in Gilchrist County (Trenton, High Springs, Newberry, and Branford) are also partially located in other counties. The map in Attachment II shows the LATA boundary, along with the county boundary.

ALLTEL serves the Branford and High Springs exchanges, while Southern Bell serves the Trenton and Newberry exchanges. The only route within Gilchrist County which currently has EAS is the High Springs to Newberry route. This route is an interLATA route.

The traffic studies reveal the following:

<u>ROUTE</u>	<u>M/M/M</u> <u>(including FX)</u>	<u>% MAKING TWO</u> <u>OR MORE CALLS</u>
Branford to High Springs	.89	13.44%
High Springs to Branford	.93	8.49%
Trenton to Newberry	1.88	22.65%
Newberry to Trenton	4.09	21.31%
*Branford to Trenton	1.78	16.50%
Trenton to Branford	n/a	n/a
*High Springs to Trenton	1.15	7.76%
Trenton to High Springs	n/a	n/a
*Branford to Newberry	.17	2.45%
Newberry to Branford	n/a	n/a

\*These routes are interLATA routes. ALLTEL filed traffic study results, but Southern Bell did not.

Staff recommended at the February 2, 1988, Agenda Conference that none of the routes for which we had traffic study information met the rule requirements for further EAS consideration of 3.00 M/M/M and 50% of the customers making two or more calls per month. At the Agenda Conference, two members of the Gilchrist County Board of County Commissioners requested that a survey for countywide calling be conducted, despite the fact that the calling rates were very low. The Commission deferred the item and instructed the companies to develop a countywide flat rate on which the customers can be surveyed.

On May 20, 1988, the Florida Interexchange Carriers Association

DOCKET NO. 870790-TL  
OCTOBER 6, 1988

(FIXCA) filed a Petition to Intervene in this docket. FIXCA, which is composed of alternative long distance carriers, intervened because there are competitive routes (the three interLATA routes) involved in this docket. Order No. 19557, issued June 23, 1988, granted the petition for intervention.

On September 6, 1988, Southern Bell, working with ALLTEL, filed the required countywide flat rates, along with the corresponding revenue impact statement. Attachment III is a copy of the information filed.

DISCUSSION OF ISSUES

ISSUE 1: Should the subscribers of Gilchrist County be surveyed for countywide calling at the rates recommended in the staff analysis?

RECOMMENDATION: Yes, ALLTEL and Southern Bell should be ordered to survey the subscribers in the Branford, High Springs, Newberry, and Trenton exchanges at the rates recommended in the staff analysis. The companies should be required to survey the customers within thirty (30) days of the date of the final Order in this docket. The companies should be required to submit the ballots, along with the letters to accompany the ballots, for staff approval prior to mailing.

STAFF ANALYSIS: In response to the Commission's directive, ALLTEL and Southern Bell worked together to develop a countywide flat rate on which Gilchrist County subscribers can be surveyed. Attachment III shows the economic impact of providing countywide two-way nonoptional EAS over existing facilities. The economic impact consists of the losses to ALLTEL, Southern Bell, and the IXCs as a result of implementation of EAS. Pages 3-4 of Attachment III show that ALLTEL will lose a total of \$109,974 and will gain \$0 under the plan for a net loss of \$109,974. Southern Bell will lose \$149,088 and will gain \$20,371, for a net loss of \$128,717. The IXCs will lose \$99,844 in toll revenue and will gain \$79,594, for a net loss of \$20,250.

The net economic impact was divided by the total number of access lines in the Branford, High Springs, Newberry and Trenton exchanges, while maintaining the rate ratios between classes of service, to arrive at the following flat rates:

<u>CLASS OF SERVICE</u>	<u>EAS ADDITIVE</u>
1 FR	\$ 1.90
2 FR	1.45
4 FR and 5 FR	1.15
1 FB	4.90
1 FB w/rotary	7.32
2 FB	3.95
4 FB and 5 FB	3.35
1 MB	3.66
Semi-Pub.	2.93
PBX Trunk-Flat	10.75
PBX Trunk-MSG	3.66

Staff believes that it is inappropriate for ALLTEL and Southern Bell to recover the net loss to the IXCs resulting from the implementation of EAS [\$99,844 (loss) - \$79,594 (gain) = \$20,250 (net loss)]. We do not believe that the companies should be able to recover costs which are not attributable to them. Therefore, we requested that Southern Bell recalculate the EAS additives (flat rates) to support a net economic penalty of \$238,691 rather than a penalty of \$258,941 (which removes the \$20,250 net loss attributable to IXCs). The resulting new EAS additives are as follows:



DOCKET NO. 870790-TL  
OCTOBER 6, 1988

<u>CLASS OF SERVICE</u>	<u>EAS ADDITIVE</u>
1 FR	\$ 1.75
2 FR	1.35
4 FR and 5 FR	1.10
1 FB	4.50
1 FB w/rotary	6.75
2 FB	3.60
4 FB and 5 FB	3.10
1 MB	3.38
Semi-Pub.	2.70
PBX Trunk-Flat	9.91
PBX Trunk-MSG	3.38

Staff recommends that Gilchrist County subscribers be surveyed at the above rates within thirty (30) days of the date of the order in this docket. We further recommend that ALLTEL and Southern Bell be required to submit the ballots and letters to accompany the ballots for staff approval prior to mailing.

DOCKET NO. 870790-TL  
OCTOBER 6, 1988

ISSUE 2: Should this docket remain open?

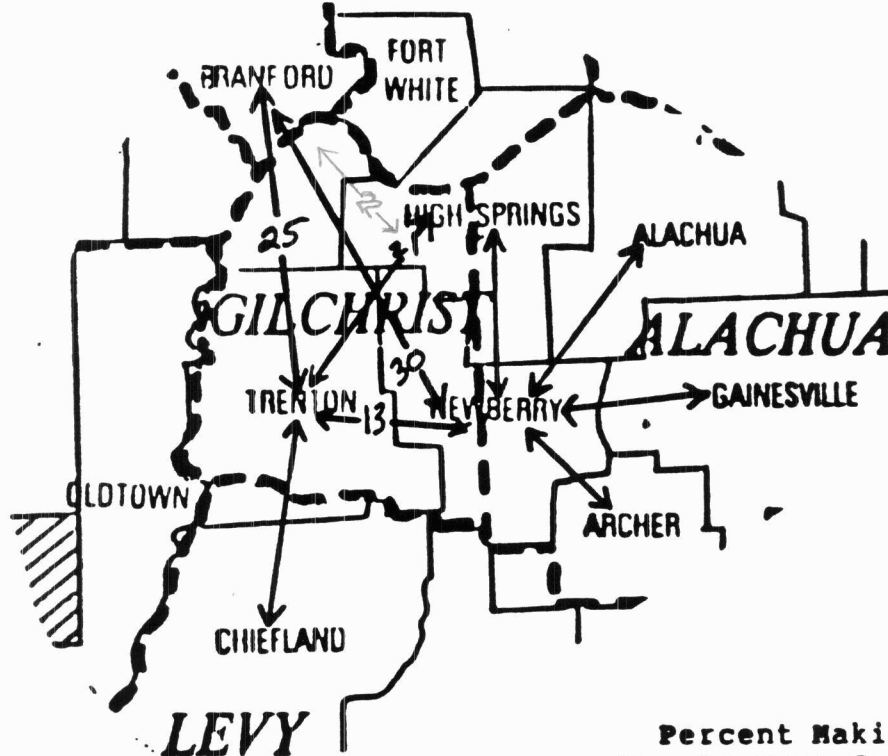
RECOMMENDATION: Yes, this docket should remain open pending the outcome of the survey.

STAFF ANALYSIS: Staff must return to the Commission with a recommendation showing the results of the subscriber survey. Therefore, it is necessary that the docket remain open until that time.

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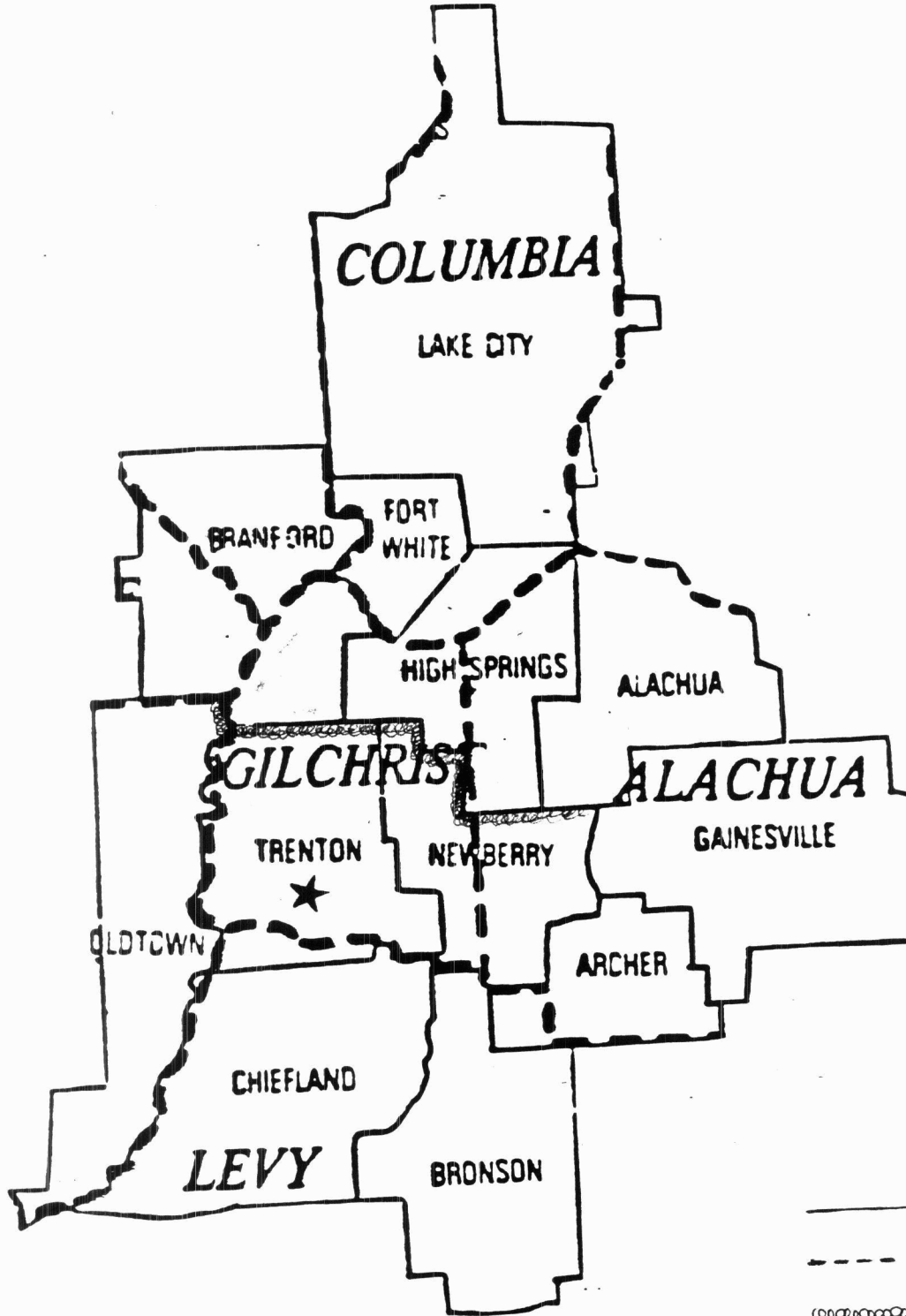
Docket No. 870790-TL  
 Order No.17943

SCHEMATIC MAP  
 GILCHRIST COUNTY  
 INDICATING EXISTING TELEPHONE EXCHANGES  
 AND EAS ROUTE STUDIED



<u>From</u>	<u>To</u>	<u>Mileage</u>	<u>M/M/M</u>	<u>Percent Making Two Or More Calls Per Month</u>
Trenton	Newberry	13	1.88	22.65
Newberry	Trenton	13	1.96	21.31

Legend  
 <—> Present EAS  
 <— —> Proposed EAS



\_\_\_\_\_ EXCHANGE BOUNDARY  
 - - - - - COUNTY BOUNDARY  
 ..... LATA BOUNDARY

County	Exchange	MST's (7/81)**		% of Exchange's MST's In This County	% of County's MST's In This Exchange
		In This Exchange	In This County		
Gilchrist	Branford(1)	1,772	89	5.02	0.99
	High Springs(1)	2,139	96	2.62	2.89
	Newberry	1,703	300	17.62	15.09

(1) Independent Company Exchange  
 \* County Seat  
 N.A. Not Available  
 ( ) 1980 Data  
 \*\* All MST figures are 7/81 except figures from General Tel (6/81); Continental (unknown); Winter Park, Orange City, Fla. Tel and United (8/81)



**Southern Bell**

H. Frank Meiners  
Operations Manager  
Regulatory Relations

Suite 400  
150 South Monroe Street  
Tallahassee, Florida 32301  
(904) 222-1201

September 6, 1988

**RECEIVED**

SEP 07 1988

**Florida Public Service Commission  
Communication Department**

Ms. Bridget Duff, Regulatory Analyst  
Division of Communications  
Florida Public Service Commission  
101 East Gaines Street  
Tallahassee, Florida 32399-0867

Dear Bridget:

This is to provide you the revenue impact information which you requested on July 15, 1988, in connection with Docket No. 870790-TL (Gilchrist County EAS). As you, Harriet Eudy and Sandy Sanders discussed, a single set of EAS additives has been developed to cover the total cost to ALLTEL and Southern Bell and a portion of the cost to the Interexchange Carriers (IXC's) of providing two way non-optional EAS throughout Gilchrist County. Although both ALLTEL and Southern Bell have reservations with this method, we are providing the data in the format you requested.

Pages 1 and 2 of Attachment A identify the specific losses and gains which would be realized by the affected companies if EAS were implemented in Gilchrist County, while Page 3 of this attachment reflects the monthly EAS additives required to cover the resulting net economic penalty. Again these additives are identical for both ALLTEL and Southern Bell. Obviously, this means that one company over recovers costs while the other company does not recover all of its costs. In this particular case, the difference is insignificant since the costs to each company are similar and the number of affected access lines is about equal for ALLTEL and Southern Bell. However, because ALLTEL is generally the smaller exchange in ALLTEL/Southern Bell EAS dockets, this method of determining EAS additives will almost always allow Southern Bell to over recover costs and prohibit ALLTEL from recovering all of its costs incurred to provide this type of service.

The interLATA information is based on IXC traffic study data collected for calls transported by AT&T. Southern Bell

Ms. Duff

-2-

September 6, 1988

received a waiver from AT&T to use the calling information from Southern Bell's Newberry and Trenton exchanges for study purposes with the stipulation that it be classified as proprietary. In order to determine total interLATA traffic from only AT&T's data, we have made some adjustments the details of which are available to you if necessary. As you requested, Attachment B lists the Interexchange Carrier "POP" locations in Southern Bell's Gainesville and Jacksonville LATAs.

Although the revenue analysis includes toll loss and originating and terminating access savings for the IXC's, an adjusted economic impact, excluding the cost to the IXC's, can easily be developed for ALLTEL and Southern Bell, and revised EAS additives calculated by using only ALLTEL and Southern Bell access line counts.

Traffic studies results show very low calling rates on all current toll routes in Gilchrist County, far below Commission criteria for further consideration of EAS. I feel strongly that this docket should be closed and that neither ALLTEL nor Southern Bell should be required to incur the expense associated with polling customers on a countywide two way non-optional EAS plan. The Brevard County customer survey confirmed a correlation between low call rates and a customer vote against two way non-optional EAS.

If you would like to discuss this further or need any additional information, please call me.

Yours very truly,



Operations Manager-  
Regulatory Relations

Attachments

cc: Ann Barkley  
Dorothy Bennett  
Harriet Eudy

ALLTEL AND SOUTHERN BELL  
DOCKET NO. 870790-TL

ECONOMIC IMPACT OF PROVIDING TWO-WAY NON-OPTIONAL EAS  
AMONG ALL EXCHANGES IN GILCHRIST COUNTY OVER EXISTING  
INTEREXCHANGE FACILITIES USING DEDICATED TRUNKS

LOSSES

ALLTEL

Additional Central Office Investment

Transmission	\$71,889	
Annual Carrying Charge	<u>.2823</u>	\$20,294
Crossbar Trunking	\$28,748	
Annual Carrying Charge	<u>.2793</u>	\$8,029
Digital Trunking	\$16,944	
Annual Carrying Charge	<u>.2773</u>	\$4,699

Additional Local Directory Assistance Expense \$854

Lost Revenue

Toll & FX	\$36,507	
Originating Access	\$16,238	
Terminating Access	<u>\$23,353</u>	\$76,098

SOUTHERN BELL

Additional Switching Investment

Trunks (63)	\$90,145	
Annual Carrying Charge	<u>.3365</u>	\$30,334

Directory Costs \$5,890

Lost Revenue

Toll & FX	\$72,861	
Originating Access	\$15,437	
Terminating Access	<u>\$24,566</u>	\$112,864

IXC'S

Lost Toll Revenue ~~\$99,844~~

TOTAL LOSSES

~~\$358,906~~ #259,062

GAINS

ALLTEL

\$0

SOUTHERN BELL

Customer Service Center Savings \$878

Operator Savings \$3,338

Toll Billing Savings \$264

Revenue Increases \$439

Regrouping Revenues \$15,452

IXC'S

Originating Access ~~-\$31,675~~

Terminating Access ~~-\$47,919~~

TOTAL GAINS

~~\$99,963~~ \$20,371

NET ECONOMIC IMPACT

~~(\$258,941)~~

\*(238,691)



Rate Increase to Support Net Economic Penalty

Applied to Branford, High Springs, Newberry  
and Trenton Customer Access Lines

9400

<u>Class of Service</u>	<u>EAS Additive</u>
1FR	\$1.90
2FR	\$1.45
4FR & 5FR <i>TRK</i>	\$1.15
1FB	\$4.90
1FB W/ ROT	\$7.32
2FB	\$3.95
4FB & 5FB	\$3.35
1MB	\$3.66
SPT <i>Smi-Pub Tel Lines</i>	\$2.93
TRK - FLAT <i>PRX</i>	\$10.75
TRK - MSG <i>PRX</i>	\$3.66

*Rate Group II*

Interexchange Carrier "POP" Locations  
in Southern Bell Territory  
(as of 7-21-88)

## GAINESVILLE LATA

IC	Street	City
Allnet Comm. Svc. Inc. (Lexitel/LDX)	11 W. University Ave.	Gainesville
AmeriCall LDC, Inc.	11 W. University Ave.	Gainesville
	533 N. W. 2nd Ave.	Gainesville
	517 S. W. 2nd Ave.	Gainesville
American Network Inc.	303 W. University Ave.	Gainesville
American Pioneer Telephone Inc.	11 W. University Ave.	Gainesville
AT&T Communications	303 W. University Ave.	Gainesville
Cable & Wireless Communications, Inc.	303 W. University Ave.	Gainesville
Continental States Corp. dba TMC Orlando	11 W. University Ave.	Gainesville
Florida Digital Network	11 W. University Ave.	Gainesville
MCI Telecommunications Corp.	902 S. Main St.	Gainesville
Metromedia Long Distance	11 W. University Ave.	Gainesville
Microtel, Inc.	11 W. University Ave.	Gainesville
	902 S. Main St.	Gainesville
	408 W. University Ave.	Gainesville
Montgomery TelaMarketing Communications	11 W. University Ave.	Gainesville
MSI Communications, Inc.	414 W. Broad St.	Brooksville
Sears Communications Network, Inc.	6201 Newberry Rd.	Gainesville
South Tel.	11 W. University Ave.	Gainesville
Southern Interexchange Services Inc.	11 W. University Ave.	Gainesville
SouthernNet/Southland (Telsys, Tel/Man)	11 W. University Ave.	Gainesville
Starnet Corporation (American Network)	303 W. University Ave.	Gainesville
TELCOR Long Distance	11 W. University Ave.	Gainesville
Teleconnect	902 S. Main St.	Gainesville
Telemarketing Comms. of Jacksonville	303 W. University Ave.	Gainesville
	11 W. University Ave.	Gainesville
Telesphere Network, Inc.	11 W. University Ave.	Gainesville
Telus Communications, Inc.	11 W. University Ave.	Gainesville
Transcall America, Inc.	303 W. University Ave.	Gainesville
	11 W. University Ave.	Gainesville
TTE of New Jersey	303 W. University Ave.	Gainesville
	11 W. University Ave.	Gainesville
United States Transmission Systems, Inc.	11 W. University Ave.	Gainesville
Western Union Telegraph Company	303 W. University Ave.	Gainesville
	112 S. W. 6th St.	Gainesville
	306 W. Broad St.	Brooksville
	303 W. Jefferson St.	Brooksville

Other LEC's operating in this LATA are ALLTEL and United. Any IC location in the territory of one of these companies is not included on the above list.

Interexchange Carrier "POP" Locations  
in Southern Bell Territory  
(as of 7-21-88)

JACKSONVILLE LATA

IC	Street	City
Allnet Comm. Svc. Inc. (Lexitel/LDX)	60 Riverside Ave.	Jacksonville
Alltelco	107 Watts St.	Jacksonville
Americall LDC, Inc.	550 W. Water St.	Jacksonville
American Network Inc.	107 Watts St.	Jacksonville
American Pioneer Telephone Inc.	60 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
American Teledata dba U.S. Dial	93 S. Orange St.	St. Augustine
American Teledata dba U.S. Dial	60 Riverside Ave.	Jacksonville
AT&T Communications	424 Pearl St. -A	Jacksonville
Com-Link 21	60 Riverside Ave.	Jacksonville
ComTel of New Orleans	60 Riverside Ave.	Jacksonville
Continental State Corp. dba TMC Orlando	60 Riverside Ave.	Jacksonville
Diversified Communications Group	107 Watts St.	Jacksonville
FiberNet Communications Corp.	60 Riverside Ave.	Jacksonville
Florida Digital Network	1 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
LDDS Communications	60 Riverside Ave.	Jacksonville
Long Distance America	107 Watts St.	Jacksonville
Long Distance Service of Washington	107 Watts St.	Jacksonville
MCI Telecommunications Corp.	550 W. Water St.	Jacksonville
Metromedia Long Distance	60 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
Microtel, Inc.	60 Riverside Ave.	Jacksonville
	440 W. Water St.	Jacksonville
	550 W. Water St.	Jacksonville
	93 Orange St.	St. Augustine
National Telephone Services, Inc.	550 W. Water St.	Jacksonville
North American Telephone	515 N. Julia St.	Jacksonville
	60 Riverside Ave.	Jacksonville
Phone America of Carolina	107 Watts St.	Jacksonville
Satellite Business Systems (MCI)	60 Riverside Ave.	Jacksonville
	158 Cordova St.	St. Augustine
Sears Communications Network, Inc.	1910 Wells Rd.	Orange Park
Southern Interexchange Services, Inc.	60 Riverside Ave.	Jacksonville
	107 Watts Ave.	Jacksonville
SouthernNet/Southland (Telsys, Tel/Man)	60 Riverside Ave.	Jacksonville
South Tel.	60 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
Starnet Corporation (American Network)	60 Riverside Ave.	Jacksonville
Sunshine Telephone Inc.	60 Riverside Ave.	Jacksonville

-2-

## JACKSONVILLE LATA

IC	Street	City
TelaMarketing Comm. of New Orleans	60 Riverside Ave.	Jacksonville
TelaMarketing Comm. of The Tri-State	550 W. Water St.	Jacksonville
Telemarketing Comm. of Louisville	550 W. Water St.	Jacksonville
Telemarketing Comm. of Savannah	107 Watts St.	Jacksonville
Tel-America, Inc.	107 Watts St.	Jacksonville
Teleconnect	107 Watts St.	Jacksonville
Telefind Corporation	7901 Baymeadows Way	Jacksonville
Telenet Comm. Corp.	404 N. Julia St.	Jacksonville
Telesphere Network, Inc.	60 Riverside Ave.	Jacksonville
Telus Communications, Inc.	60 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
Total-Tel USA, Inc.	107 Watts St.	Jacksonville
Transcall America, Inc.	60 Riverside Ave.	Jacksonville
	107 Watts St.	Jacksonville
TRT Telecommunications Corporation	424 N. Pearl St. -A	Jacksonville
TTE of New Jersey	6 E. Bay St.	Jacksonville
	550 W. Water St.	Jacksonville
	107 Watts St.	Jacksonville
United States Transmission Sys. Inc.	424 Pearl St.	Jacksonville
	60 Riverside Ave.	Jacksonville
United States Transmission Systems, Inc.	93 Orange St.	St. Augustine
US Sprint	550 W. Water St.	Jacksonville
	107 Watts St.	Jacksonville
VTA, Inc.	1 Imeson Park Blvd.	Jacksonville
Western Union Telegraph Company	7530 Alton Ave.	Jacksonville
	6022 Chester Ave.	Jacksonville
	424 Pearl St. -A	Jacksonville
	5470 Highway Ave.	Jacksonville
	214 N. Hogan St.	Jacksonville
	205 N. Hogan St.	Jacksonville
	510 N. Hogan St.	Jacksonville
	1 Independent Dr.	Jacksonville
	3562 St. Johns Ave.	Jacksonville
	6855 St. Augustine Rd.	Jacksonville
	550 W. Water St.	Jacksonville
	117 W. Duval St.	Jacksonville
	200 W. Forsythe St.	Jacksonville
	2000 Independent Dr.	Jacksonville
	223 W. Adams St.	Jacksonville
	500 W. Water St.	Jacksonville
	74 E. Orange St.	Lake City
	54½ Washington Ave.	St. Augustine
	100 Malage St.	St. Augustine

Other LEC's operating in this LATA are ALLTEL, Centel, Gulf and Northeast. Any IC location in the territory of one of these companies is not included on the above list.