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April 22, 1991

Steve Tribble, Director
Division of Records & Reporting
Florida Public Service Commission
101 East Gaines Street
Tallahassee, Florida 32399-0850

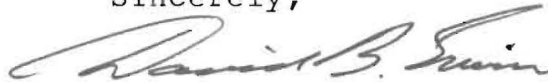
Re: Docket No. 870790-TL - Request for extended area service (EAS)
throughout Gilchrist County

Dear Mr. Tribble:

Enclosed please find the original and 15 copies of the direct testimony
of Harriet E. Eudy in the above captioned docket, along with four exhibits
attached thereto.

A copy of this testimony is being sent to the parties shown on the
attached certificate of service.

Sincerely,



David B. Erwin

- ACK
- AFA _____
- AFB _____
- CFE _____
- CHD _____
- CTD _____
- EAT _____
- LEG L
- LN 6/4 Aug
- CRD _____
- FCH _____
- SEC L
- WIS _____
- OTH _____

DOCUMENT NUMBER DATE
03872 APR 22 1991
83-RECORDS/REPORTING

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that the foregoing has been furnished by United States Mail this 22nd day of April, 1991, to the following:

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David B. Erwin

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Request for extended area
service (EAS) throughout Gilchrist
County

) DOCKET NO. 870790-TL
) ORDER NO. 24257
) ISSUED: 3/20/91
)

DIRECT TESTIMONY OF ALLTEL FLORIDA, INC.

Witness: Harriet E. Eudy

David B. Erwin

MASON, ERWIN & HORTON
1311-A Paul Russell Road
Suite 101
Tallahassee, Florida 32301

DOCUMENT NUMBER: DATE
03872 APR 22 1991
BY: [unclear] / REPORTING:

1 Q: Please state your name and business address.

2 A: My name is Harriet E. Eudy. My business address is Post
3 Office Box 550, 206 White Avenue, Live Oak, Florida
4 32060.

5 Q: By whom are you employed and in what capacity?

6 A: I am employed by ALLTEL Florida, Inc. as Manager,
7 Regulatory Matters. I am responsible for the preparation
8 of various studies and documents, including EAS studies,
9 and other Commission related matters for ALLTEL Florida.

10 Q: Have you previously testified before this Commission?

11 A: Yes, I have. I have presented testimony in several
12 dockets, including Docket Nos. 830064-TP, 850788-TL,
13 860219-TL, and 870436-TL, which involved EAS requests.
14 I have also submitted responses to order and data
15 requests in other EAS related dockets. In addition, I
16 have participated in several workshops and conferences
17 at the Commission regarding EAS and other matters.

18 Q: What is the purpose of your testimony?

19 A: It is my purpose to present testimony and exhibits on
20 behalf of ALLTEL Florida, Inc. with regard to the issue
21 of EAS in Gilchrist County.

22 Q: What presence does ALLTEL have in Gilchrist County?

23 A: ALLTEL serves the exchanges of Branford and High Springs.
24 The Branford Exchange has 2698 access lines. The High
25 Springs exchange has 3286 access lines. Each of these

1 two exchanges has a pocket of subscribers in Gilchrist
2 County. There are approximately 580 Branford Exchange
3 subscribers in Gilchrist County and approximately 321
4 High Springs subscribers.

5 Q: Does ALLTEL have other situations in which an exchange
6 is located in more than one county?

7 A: Yes. Out of ALLTEL's 27 exchanges, 10 exchanges cover
8 territory in more than one county. I have shown this in
9 detail on Exhibit H. E. Number 1.

10 Q: In those 10 exchanges which cover parts of more than one
11 county, are there any parts of exchanges where countywide
12 calling or toll free calling to the county seat is not
13 available?

14 A: Yes. Toll free calling is not available to the county
15 seat from all portions of the exchanges of Branford,
16 Brooker, High Springs, Lake Butler, McIntosh, Melrose,
17 Orange Springs, Waldo and White Springs. This is
18 reflected on Exhibit H. E. Number 2.

19 Q: What bearing does this have on the Gilchrist County
20 situation?

21 A: It shows that the Gilchrist County situation is not
22 unique. There are many subscribers in many different
23 exchanges that have local calling limitations. It is
24 simply not possible to provide every subscriber with a
25 toll free environment. There have to be entitlement

1 criteria of some sort, and the Commission has chosen a
2 "community of interest" standard for entitlement to toll
3 free calling or other toll relief.

4 Q: What involvement has ALLTEL had in EAS proceedings?

5 A: Since 1979 ALLTEL has been involved in many EAS
6 proceedings. In fact, the Commission has resolved
7 requests for EAS in 13 dockets involving 30 routes served
8 by ALLTEL. (Three of the routes were studied twice.) See
9 Exhibit H. E. Number 3.

10 Q: Has EAS or a toll alternative been ordered on any of
11 these routes?

12 A: Yes. Toll relief was granted on 12 routes, fewer than
13 half of those routes for which relief was requested.

14 Q: How many of the 12 routes for which toll relief was
15 granted met or exceeded the numerical calling criteria
16 set forth in Rule 25-4.060, F.A.C.?

17 A: Seven out of 12 routes exceeded both the required MMMs
18 and the percentage of subscribers making two or more
19 calls required for a finding that EAS should be granted
20 pursuant to the rule. Three more of the routes exceeded
21 the MMMs, even though the percentage of subscribers
22 making two or more calls was deficient. Two routes were
23 deficient on the MMMs and the percentage of subscribers
24 making two or more calls.

25 Q: What was the situation on the remaining eighteen one-way

1 routes for which no toll relief was granted?

2 A: Sixteen routes had calling below two MMMs (3 MMMs are
3 required by rule) and fewer than 25 percent of the
4 subscribers made two or more calls per month (50 percent
5 of subscribers must make two or more calls pursuant to
6 the rule). Of the two remaining routes, both had calling
7 in excess of 2 MMMs, but the percentage making two or
8 more calls was less than 30 percent.

9 Q: What has ALLTEL's experience been with Commission
10 adherence to the EAS "community of interest" rule?

11 A: The fact of the matter is that the Commission has
12 generally adhered to the rule.

13 Q: If the Commission were to consider the Gilchrist County
14 EAS request under the same criteria as previous EAS
15 proceedings in which ALLTEL has been involved, do you
16 believe that the Commission would find that a "community
17 of interest" standard is met in this case?

18 A: No. Quite clearly, the Commission would not find a
19 "community of interest." The calling rates are extremely
20 low. The MMMs run from .22 to 1.60, with a per route
21 average of .84. The percentage of subscribers making two
22 or more calls per month runs from 4.04 percent to 16.64
23 percent, with a per route average of 10.27 percent. From
24 Branford to Newberry, 92.40 percent of the subscribers
25 made no calls in the month of January, 1991. From

1 Branford to High Springs, 79.32 percent made no calls and
2 from Branford to Trenton, the number was 76.65 percent.
3 From High Springs to both Branford and Trenton, 85+
4 percent of the subscribers made no calls. If the level
5 of calling were used to control the finding of the
6 existence of a "community of interest," there would be
7 no "community of interest" in Gilchrist county. See
8 Exhibit H. E. Number 4.

9 Q: By comparison to the proposed Gilchrist County EAS
10 routes, what are the calling rates from Branford to
11 Gainesville, Branford to Lake City , High Springs to
12 Gainesville and High Springs to Lake City?

13 A: The calling rates are higher. For example, from High
14 Springs to Lake City, in a study made in November, 1989,
15 the MMM's were 2.37, only 62% of the subscribers made no
16 calls and the route was granted toll relief by the
17 Commission. High Springs to Gainesville is already EAS.
18 Branford to Gainesville is interLATA and we cannot
19 readily study the route. However, Branford to Lake City
20 has a calling rate of 5.82 MMMs.

21 Q: Are there any other factors that the Commission should
22 look at besides calling rates?

23 A: Legally, the Commission should look to the Commission
24 rule, and the rule defines "community of interest" only
25 in terms of numerical calling rates. However, the

1 Commission has had a tendency recently to depart from the
2 rule. In some cases the Commission has afforded toll
3 relief where the calling rates were below the calling
4 rates of the rule. The Commission has indicated that it
5 was appropriate in these cases to "waive" the rule, but
6 what the Commission may really mean is that it has
7 emphasized "community of interest" through means other
8 than calling rates.

9 Q: What has the Commission looked at to find the existence
10 of a "community of interest" in these cases where calling
11 rates were deficient?

12 A: In such cases even though calling rates were below the
13 level specified in the rule, the Commission has found
14 reliance by one exchange on another for employment,
15 higher education, shopping, medical services and for
16 social events. In such cases there has invariably been
17 a request for EAS from a small exchange to a large
18 exchange, from a dependent area to one with many services
19 available.

20 Q: Is this the situation in Gilchrist county?

21 A: No. All of the exchanges that are partially in Gilchrist
22 county are similar. The element of dependence or
23 reliance of one exchange on another is lacking. The
24 focus on other areas is more towards Gainesville or Lake
25 City. Although the Commission has found a "community of

1 interest" in some cases where calling rates were under
2 the rule requirement, no such finding would be
3 appropriate in Gilchrist county.

4 Q: Should any proposed EAS plan or toll alternative plan
5 serve only the Gilchrist County pockets of the involved
6 exchanges, or the entire exchanges?

7 A: Any proposed plan should serve the entire exchange. To
8 establish EAS or toll alternatives for pockets of
9 customers within an exchange area presents many problems.
10 There are administrative difficulties in administering
11 such a plan unless a dedicated prefix is established for
12 identification of the pocket customers. Office codes
13 should be used with a great deal of consideration given
14 to the national impact of prematurely using up these
15 codes. There is also a concern for the cost of providing
16 a new service to a few people. We may end up with a very
17 small number of customers over which to spread the cost
18 of providing a new plan. Considering the type of service
19 being proposed, it may not cost much less to provide EAS
20 to the pocket than to include the whole exchange.

21 Q: What EAS plan or toll alternative plan, if any, should
22 be implemented on the Gilchrist County routes? Should
23 the same plan be implemented in both directions; be
24 optional or nonoptional; be one-way or two-way?

25 A: We do not recommend any plan be implemented on the routes

1 in Gilchrist County. A sufficient community of interest
2 has not been determined, in our opinion, to justify the
3 additional cost of a new plan.

4 Q: What are the specific cost items that should be
5 considered in determining the proper costs of the
6 implementation of EAS? Should the plan the Commission
7 implements permit full recovery of costs and lost
8 revenues, including incremental costs?

9 A: The specific cost items that should be considered in
10 determining the true cost of implementation of EAS are:
11 the cost to add equipment to provide EAS (incremental
12 cost), lease expense or compensation expense paid to
13 another company, system programming (and other "start-
14 up" type costs), directory publishing expense, directory
15 assistance expense, and lost toll/access revenues. Of
16 course, any expense savings or revenue gains should be
17 netted against these costs.

18 In answer to the second part of the question, we
19 definitely feel any plan the Commission implements should
20 permit full recovery of cost. As we have pointed out in
21 all EAS proceedings, cost recovery is a critical issue
22 with regard to any new service offering. As services are
23 implemented at rates that do not recover the cost of
24 providing that service, pressures are put on other
25 ratepayers to make up the shortfall. In the current

1 regulatory environment, cross-subsidization is a concern.
2 We are inviting further cross-subsidization by not
3 requiring the cost-causer to pay full cost.

4 Q: What are the appropriate rates and charges for the plan
5 to be implemented on this route?

6 A: We have no position, since we do not believe any plan
7 should be implemented.

8 Q: Should the customers be surveyed and if so, how should
9 the survey be conducted? If surveyed customers fail to
10 accept the plan presented to them, what alternative, if
11 any should be considered?

12 A: We have no position, since we do not believe it is
13 appropriate to conduct any survey.

14 Q: If the Commission orders EAS or a toll alternative
15 whereby ALLTEL and Southern Bell do not equally recover
16 costs and lost revenues, should some form of compensation
17 agreement be established between the two companies?

18 A: Yes. However, consideration should be given to those
19 compensation costs/revenues in developing the cost of the
20 plan and those costs/revenues should be considered in
21 developing the rates to be implemented to assure proper
22 cost recovery.

23 Q: Can the Commission legally waive its own rules pertaining
24 to EAS?

25 A: No. Our attorney will discuss rule waiver in appropriate

1 pleadings in this docket.

2 Q: Does this conclude your testimony?

3 A: Yes

EXHIBIT H. E. NUMBER 1
 PERCENT OF ACCESS LINES IN COUNTY

	ALCH	BRDF	CLAY	COLM	GILC	HAML	LAFPA	MAR	PUTM	ST. J	SUWA	UNIO
BRANFORD					21		14				65	
BROOKER	54	46										
HASTINGS									11	89		
HIGH SPRINGS	69			21	10							
LAKE BUTLER		3										97
MCINTOSH	1							99				
MELROSE	20	19	17						44			
ORANGE SPRINGS								84	16			
WALDO	70	30										
WHITE SPRINGS				20		79					1	

EXHIBIT H. E. NUMBER 2

<u>Exchange</u>	<u>Has County-Wide Free Calling</u>	<u>Does Not Have County-Wide Free Calling</u>	<u>Has Free Calling to County Seat</u>	<u>Does Not Have Free Calling to County Seat</u>
Branford	Lafayette/Suwannee	Gilchrist	Lafayette/Suwannee	Gilchrist
Brooker	-	Bradford/Alachua	Alachua	Bradford
Hastings	-	Putnam/St. Johns	Putnam/St. Johns	-
High Springs	-	Columbia/Gilchrist/Alachua	Alachua	Columbia/Gilchrist
Lake Butler	-	Bradford/Union	Union	Bradford
McIntosh	-	Marion/Alachua	Marion	Alachua
Melrose	-	Alachua/Bradford/Clay/Putnam	Alachua	Bradford/Clay/Putnam
Orange Springs	-	Marion/Putnam	Marion	Putnam
Waldo	-	Alachua/Bradford	Alachua	Bradford
White Springs	Hamilton	Suwannee/Columbia	Hamilton/Columbia	Suwannee

LIST OF COUNTY SEATS

Alachua - Gainesville
Bradford - Stark
Clay - Green Cove Springs
Columbia - Lake City
Gilchrist - Trenton

Hamilton - Jasper
Lafayette - Mayo
Marion - Ocala
Nassau - Fernandina Beach

Putnam - Palatka
St. Johns - St. Augustin
Suwannee - Live Oak
Union - Lake Butler

EXHIBIT H. E. NUMBER 3

<u>DOCKET NO.</u>	<u>ROUTE</u>	<u>DATE</u>	<u>MMM</u>	<u>PERCENT</u>	<u>PSC DECISION</u>
790174	FTWH-LKCY	3/81	6.89	59.60	Regrouping only
810437	CLHN-JCVL	10/81	14.50	90.50	25/50
830064	MCIN-GSVL	3/85	6.86	51.20	2-way toll-pac
850788	HLRD-JCVL	1/86	8.08	61.77/ 30.43	Threshold plan
	HLRD-YULE*	1/86	.70	10.45	- 0 -
	HLRD-FNBH*	1/86	1.40	20.66	- 0 -
850878	CRCY-PLTK	1/86	4.46	47.52	1-way Toll-pac
860219	WHSP-LKCY	3/86	9.94	68.19	25/25
	HGSP-LKCY*	3/86	1.76	22.31	- 0 -
870436	HSTG-STAG	4/87	15.41	67.35	25/25
870987	FLRH-KYHT	9/87	4.41	36.86	Pocket EAS
881546	ORSP-GSVL	11/88	1.65	19.16	- 0 -
881547	ALCH-RAFR	4/89	.05	.82	- 0 -
	ALCH-LKBT	4/89	.79	9.11	- 0 -
	LKBT-GSVL	4/89	7.21	57.90	25/25
	LKBT-ALCH	4/89	3.75	17.61	25/25
	LKBT-BRKR	4/89	.85	11.60	25/25
	BRKR-LKBT	4/89	3.09	26.55	- 0 -
	BRKR-RAFR	4/89	.17	3.33	- 0 -
	RAFR-BRKR	4/89	.19	4.64	- 0 -
	RAFR-ALCH	4/89	.33	5.57	- 0 -
881561	CLHN-BLDW	1/89	.64	8.16	- 0 -
	CLHN-FNBH	1/89	1.91	22.61	- 0 -
	CLHN-YULE	1/89	.77	12.27	- 0 -
	HLRD-BLDW	1/89	.20	3.57	- 0 -
	HLRD-FNBH*	1/89	2.26	28.58	- 0 -
	HLRD-YULE*	1/89	1.21	14.45	- 0 -
890362	ORSP-PLTK	4/89	1.71	18.53	- 0 -
	ORSP-INTR	4/89	.84	11.91	- 0 -
891265	HGSP-LKCY*	11/89	2.37	27.52	Toll-pac

*Routes studied twice.

EXHIBIT H. E. NUMBER 4

Gilchrist County EAS
Docket No. 870790-TL

COMMUNITY OF INTEREST STUDIES PERFORMED FOR
GILCHRIST COUNTY FOR THE MONTH OF JANUARY 1991

Branford - High Springs	.97 M/M/M		
	12.45%	≥	2 calls
	79.32%	—	0 calls
Branford - Newberry	.22 M/M/M		
	4.04%	≥	2 calls
	92.40%	—	0 calls
Branford - Trenton	1.60 M/M/M		
	16.64%	≥	2 calls
	76.65%	—	0 calls
High Springs - Branford	.77 M/M/M		
	9.49%	≥	2 calls
	85.27%	—	0 calls
High Springs - Trenton	.62 M/M/M		
	8.73%	≥	2 calls
	85.51%	—	0 calls