

**FLORIDA PUBLIC SERVICE COMMISSION**  
Capital Circle Office Center • 2540 Shumard Oak Boulevard  
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**M E M O R A N D U M**

April 2, 1997

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF COMMUNICATIONS (O'PRY, WIDELL) *OPW*  
DIVISION OF LEGAL SERVICES (CULPEPPER) *CP*

**RE:** DOCKET NO. 961239-TL - RESOLUTION BY SANTA ROSA COUNTY  
COMMISSION AND ESCAMBIA COUNTY COMMISSION FOR COUNTYWIDE  
EXTENDED AREA SERVICE (EAS) WITHIN SANTA ROSA COUNTY AND  
EAS BETWEEN SANTA ROSA COUNTY AND ESCAMBIA COUNTY

**AGENDA:** APRIL 14, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION  
- INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** NONE

**SPECIAL INSTRUCTIONS:** S:\PSC\CMU\WP\961239TL.RCM

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**CASE BACKGROUND**

**EXCHANGE INFORMATION:**

- This docket was initiated pursuant to Resolution 96-60 dated April 2, 1996 submitted by Escambia County Board of County Commissioners requesting countywide extended area service (EAS) between North Santa Rosa County and North Escambia County and within Santa Rosa County.
- A request dated April 24, 1996 was also received from Ms. Diane Jolly, a telephone subscriber in Cantonment, Florida, for EAS from the Cantonment, Century, Molino and Walnut Hill exchanges to the Jay, Milton, and Pace exchanges. These exchanges are located in Escambia and Santa Rosa counties.
- All of the exchanges within Santa Rosa County (Milton, Gulf Breeze, Pace, Jay, Munson, and Holley-Navarre) and the Pensacola and Cantonment exchanges in Escambia County, are

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served by BellSouth Telecommunications, Inc. (BellSouth). The Molino exchange in Escambia County is served by Frontier Communications of the South, Inc. (Frontier). All of these exchanges are located in the Pensacola LATA (local access transport area).

- The two remaining Escambia County exchanges are Century served by BellSouth and Walnut Hill served by Frontier. These two exchanges are located in the Mobile LATA. Therefore, calls to and from these exchanges are interLATA calls. The staff is reviewing the federal requirements for interLATA routes involving BellSouth and will bring a recommendation to the Commission in the near future.
- The Commission does not have the authority under Chapter 364, Florida Statutes to require BellSouth, which has elected price regulation, to extend its calling areas (provide EAS) for requests made after July 1, 1995. Any decision to implement EAS from the BellSouth exchanges will need to be made by BellSouth, rather than the Commission.
- Unlike BellSouth, Frontier did not opt for price regulation and remains under rate base, rate-of-return regulation. Therefore, the Commission only required traffic information from Frontier.

**PERTINENT ORDER:**

- By Order No. PSC-96-1446-PCO-TL issued December 2, 1996, Frontier was ordered to conduct a traffic study on one-way routes from the Molino exchange to the Gulf Breeze, Holley-Navarre, Jay, Milton, and Pace exchanges.

**DEMOGRAPHIC DESCRIPTION:**

**The Molino exchange** - is in Escambia County and served by Frontier. The exchange is located north of the Pensacola and Cantonment exchanges, with the Walnut Hill exchange to its north. Residents go to Pensacola for schools, government facilities, major law enforcement, shopping and entertainment. The Molino exchange has EAS to Pensacola, the county seat.

**The Gulf Breeze exchange** - is in Santa Rosa County across the bay from Pensacola. It is a casual residential community with a small hospital, basic shopping, and a police department. Residents go to Pensacola for major shopping and entertainment and to Milton for schools, government facilities and major law enforcement. The Gulf

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Breeze exchange has extended calling service (ECS) to Milton, the county seat.

**The Holley-Navarre exchange** - is a small residential rural community in the southern portion of Santa Rosa County. The portion of the exchange along the beach has a resort orientation. Basic services are available to residents but major shopping is done in Fort Walton, 10 miles southeast. Residents go to Milton for schools, government agencies and major law enforcement. The Holley-Navarre exchange has ECS to Milton, the county seat.

**The Jay exchange** - is a highly rural community located in the northern part of Santa Rosa County approximately 50 miles north of Pensacola. Basic services are available in the community, but residents utilize Pensacola for major shopping and Milton for schools, government facilities and major law enforcement. The Jay exchange has EAS to Milton, the county seat.

**The Milton exchange** - is located 25 miles north of Pensacola in Santa Rosa County. It is an extremely rural residential community with very little growth. Milton is the county seat and has some small businesses, shopping centers, schools, a hospital, government facilities and law enforcement agencies. Milton residents use Pensacola for more complex services.

**The Pace exchange** - is located in the southwestern part of Santa Rosa County approximately 10-15 miles north of Pensacola. It is a bedroom community of Pensacola and experiencing moderate growth. Milton is five miles north of Pace and residents go to Milton for schools, government facilities and law enforcement. Residents go to Pensacola for work, major medical, shopping and entertainment. The Pace exchange has EAS to Milton, the county seat.

**MILEAGE DATA:**

Molino to	Gulf Breeze	27 miles
	Holley-Navarre	35 "
	Jay	18 "
	Milton	18 "
	Pace	14 "

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### DISCUSSION OF ISSUES

**ISSUE 1:** Do any of the routes between the Molino exchange and the Gulf Breeze, Holley-Navarre, Jay, Milton or Pace exchanges qualify to be surveyed for nonoptional, flat rate, two-way extended area service (EAS)?

**RECOMMENDATION:** No. None of the routes qualify to be surveyed under Commission's Rule 25-4.060(3), Florida Administrative Code.

**STAFF ANALYSIS:** Under Commission Rule 25-4.060(3), Florida Administrative Code, a preliminary showing that a sufficient degree of community of interest exists between exchanges is made when the combined two-way calling rate over each interexchange route under consideration equals or exceeds two (2) messages per access line per month (M/A/M), and fifty (50%) percent or more of the subscribers make one or more calls per month. Also, if the petitioning exchange has less than half the number of access lines as the larger exchange, studies of one-way traffic originating in the smaller exchange may be used, in which case the community of interest qualification will require a calling rate of three (3) or more (M/A/M), with at least fifty (50%) percent of the exchange subscribers making two (2) or more calls per month.

As noted in the background, Frontier is a rate base, rate-of-return LEC and continues under the Commission's jurisdiction for EAS matters. BellSouth, on the other hand, opted for price regulation negating the Commission's authority in EAS matters.

Frontier was ordered to provide one-way traffic studies from the Molino exchange to the BellSouth exchanges of Gulf Breeze, Holley-Navaree, Jay, Milton, and Pace. BellSouth's traffic data is not available on the routes, in the reverse direction.

The study results are shown on Attachment A. None of the routes meet the required M/A/Ms and distribution percentage. Since the calling on the routes failed to meet the rule requirements, the EAS request should be denied.

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**ISSUE 2:** Should the Commission order BellSouth to implement nonoptional, flat rate, two-way extended area service on any of the toll routes under consideration in this docket?

**RECOMMENDATION:** No. In accordance with Section 364.02(2), Florida Statutes, any requests for EAS or ECS filed after July 1, 1995, that are implemented become part of non-basic service. Since EAS or ECS requested after July 1, 1995, would become a non-basic service, there is no express statutory authority for the Commission to require the price-regulated LECs to implement EAS or ECS. Thus, whether to implement an EAS or ECS request is a decision for the price-regulated LEC rather than for the Commission.

**STAFF ANALYSIS:** These requests were filed after July 1, 1995. Section 364.02(2), Florida Statutes, states that basic local telecommunications service for a local exchange telecommunications company includes any extended area service (EAS) routes, and extended calling service in existence or ordered by the Commission on or before July 1, 1995. The savings clause in Section 364.385(2), F.S., sets forth the situations in which the old law rather than the new law is applied. Specifically, it provides that all applications for EAS or ECS pending before the Commission on March 1, 1995, shall be governed by the law as it existed prior to July 1, 1995, and that upon approval, the EAS or ECS routes shall be considered basic services.

Staff believes that since EAS or ECS requested after July 1, 1995, would become a non-basic service, there is no express statutory authority for the Commission to require the price-regulated LECs to implement EAS or ECS. Accordingly, whether to implement an EAS or ECS request is a decision for the price-regulated LEC rather than for the Commission.

This is consistent with Commission action in Docket Nos. 951097-TL (EAS between Fernandina Beach and Jacksonville), 951269-TL (EAS - Charlotte County), 960086-TL (EAS from Cherry Lake and Lee to Tallahassee), and 960087-TL (EAS - Orange City to Winter Park and Orlando).

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**ISSUE 3:** Should any alternative plan be offered on any of the toll routes considered in this docket?

**RECOMMENDATION:** No. The calling rates and distribution on all the routes do not exhibit a sufficient community of interest and thus do not warrant any alternative EAS plan.

**STAFF ANALYSIS:** The calling rates on the routes at issue in this docket do not have sufficient calling volumes or distribution to warrant an alternative EAS plan. Therefore, staff recommends that no alternative EAS plan be implemented on these routes.

**ISSUE 4:** Should Docket No. 961239-TL be closed?

**RECOMMENDATION:** Yes. With the approval of Issues 1, 2, and 3, and if no person whose substantial interests are affected by the Commission's proposed agency action, timely files a protest within 21 days, this docket should be closed.

**STAFF ANALYSIS:** With the approval of Issues 1, 2, and 3, and if no person whose substantial interests are affected by the Commission's proposed agency action, timely files a protest within 21 days, this docket should be closed.

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Attachment A

**CALLING RATE AND DISTRIBUTION  
ONE-WAY ROUTES FROM MOLINO EXCHANGE  
TO THE PACE, MILTON, GULF BREEZE, JAY  
AND HOLLY-NAVARRE EXCHANGES**

<b>ROUTE MOLINO TO</b>	<b>MESSAGES</b>	<b>CALLING RATE M/A/M</b>	<b>TOTAL CUSTOMERS</b>	<b>NO. MAKING 2 OR MORE CALLS/MONTH</b>	<b>PERCENT OF TOTAL</b>
<b>PACE</b>	<b>2898</b>	<b>1.26</b>	<b>2292</b>	<b>384</b>	<b>16.75</b>
<b>MILTON</b>	<b>3041</b>	<b>1.33</b>	<b>2292</b>	<b>519</b>	<b>22.64</b>
<b>GULF BREEZE</b>	<b>1303</b>	<b>0.57</b>	<b>2292</b>	<b>220</b>	<b>9.60</b>
<b>JAY</b>	<b>539</b>	<b>0.24</b>	<b>2292</b>	<b>101</b>	<b>4.41</b>
<b>HOLLY- NAVARRE</b>	<b>218</b>	<b>0.10</b>	<b>2292</b>	<b>51</b>	<b>2.23</b>