

FLORIDA PUBLIC SERVICE COMMISSION
Capital Circle Office Center • 2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

MEMORANDUM

July 24, 1997

RECEIVED

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11:40
FPSC - Records/Reporting

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

FROM: DIVISION OF COMMUNICATIONS (WIGGINS) *whw*
DIVISION OF LEGAL SERVICES (CULPEPPER) *mcB* *SAS for WDH*

RE: DOCKET NO. 970825-TL - RESOLUTION BY HAMILTON COUNTY BOARD OF COMMISSIONERS REQUESTING EXTENDED AREA SERVICE FROM HAMILTON COUNTY TO ALL OF SUWANEE COUNTY, COLUMBIA COUNTY AND MADISON COUNTY.

AGENDA: AUGUST 5, 1997 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\970825TL.RCM

CASE BACKGROUND

On June 9, 1997, the Hamilton County Board of County Commissioners filed a resolution requesting extended area service (EAS) from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County. ALLTEL Florida, Inc. (ALLTEL) serves all exchanges within Hamilton County (Jasper, Jennings, and White Springs), Suwannee County (Branford, Florida Boys Ranch, Dowling Park, Live Oak, Luraville, and Wellborn), and the Fort White and High Springs pocket exchanges within Columbia County. BellSouth Telecommunications, Inc. (BellSouth) serves the Lake City exchange located within Columbia County. Sprint-Florida (Sprint) serves all exchanges within Madison County (Cherry Lake, Greenville, Lee, and Madison). All exchanges within Columbia County, Hamilton County, and Suwannee County are located in the Jacksonville LATA. All exchanges within Madison County are located in the Tallahassee LATA. Attachment A provides maps of the involved exchanges. Attachment B is a table with the mileages between the requested exchanges.

ALLTEL is a rate-of-return regulated local exchange company (LEC). Sprint and BellSouth are price-regulated LECs.

DOCUMENT NUMBER-DATE

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FPSC-RECORDS/REPORTING

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DISCUSSION OF ISSUES

ISSUE 1: Should the extended area service (EAS) request by the Hamilton County Board of County Commissioners for toll-free calling from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County be approved?

STAFF RECOMMENDATION: No. The request for EAS from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County should be denied. Because of the large number of routes involved, staff believes the Hamilton County Board of County Commissioners should refile its resolution requesting only the routes that truly warrant toll relief. The requested routes should be listed in priority order based on community of interest, and include an explanation of why a community of interest exists for each route.

STAFF ANALYSIS: On June 9, 1997, the Hamilton County Board of County Commissioners filed a resolution requesting EAS from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County. Hamilton County's EAS request involves 4 counties, 16 exchanges and 78 routes. Of the 78 routes involved, 20 are more than 40 miles long. For example, the Jennings/High Springs route is 61 miles, the White Springs/Greenville route is 51 miles, and the Jasper/High Springs route is 53 miles. Rule 25-4.060(1), Florida Administrative Code, requires a traffic study to be conducted to determine if a community of interest exists on the requested routes. ALLTEL solely serves 48 of the 78 routes involved. However, because of the number of routes requested (78 within 4 counties) and the distance of the routes (20 routes over 40 miles), staff believes the EAS request is unreasonable. Staff is concerned that the request may be burdensome and costly to the rate-of-return local exchange company, which is contrary to Section 364.052(2)(b), Florida Statutes.

The Statute reads:

(b) By January 1, 1996, the commission shall adopt, by rule, streamlined procedures for regulating companies subject to this section. These procedures shall minimize the burdens of regulation with regard to audits, investigations, service standards, cost studies, reports and other matters, and the commission shall establish, by rule, only those procedures that are cost-

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procedures that are cost-justified and in the public interest so that universal service may be promoted.

Additionally, Rule 25-4.210(2)(a), Florida Administrative Code, which streamlines regulatory procedures for small LECs, directs staff to weigh the benefits gained from the information against the cost of compliance to determine whether the information is needed. The current EAS rules do not restrict the number of exchanges that can be requested in an EAS filing; however, the rules do require a sufficient degree of community of interest between exchanges. Normally, the community of interest is determined by the results of a traffic study. Due to the magnitude of this EAS request, staff believes the blanket regional EAS request is unreasonable and should be rejected.

It should be noted that the Commission has had EAS requests that contained a large number of routes, but they were typically for countywide calling within the same county. Currently, Hamilton County has toll-free intra-county calling. This request is for EAS from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County.

The purpose of EAS is to provide toll relief to those communities which have exhibited that they have a community of interest with one another, not just a desire to call other exchanges toll-free. Staff believes it is doubtful that all three exchanges within Hamilton County could have a community of interest with all exchanges within Columbia County, Suwannee County, and Madison County. Traffic studies would determine whether there actually is a sufficient community of interest between these counties, but it is staff's opinion that it would be a misuse of the LECs' time to conduct traffic studies on all of the routes at issue. ALLTEL serves 46 of the 78 routes in their entirety. As a small LEC subject to Section 364.052, Florida Statutes, staff contends the required traffic studies would be overly burdensome and costly for ALLTEL to conduct. BellSouth and Sprint are price-regulated LECs. Since EAS or ECS requested after July 1, 1995, becomes part of non-basic service, the Commission is without jurisdiction to require price-regulated LECs to implement EAS or ECS.

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Staff believes that the Hamilton County Board of County Commissioners should reevaluate its request and file an amended resolution requesting only the routes that truly warrant EAS. The routes should be prioritized by need and community of interest. In prioritizing the routes, the Hamilton County Board of County Commissioners should explain why each route needs toll relief (i.e., qualitative criteria).

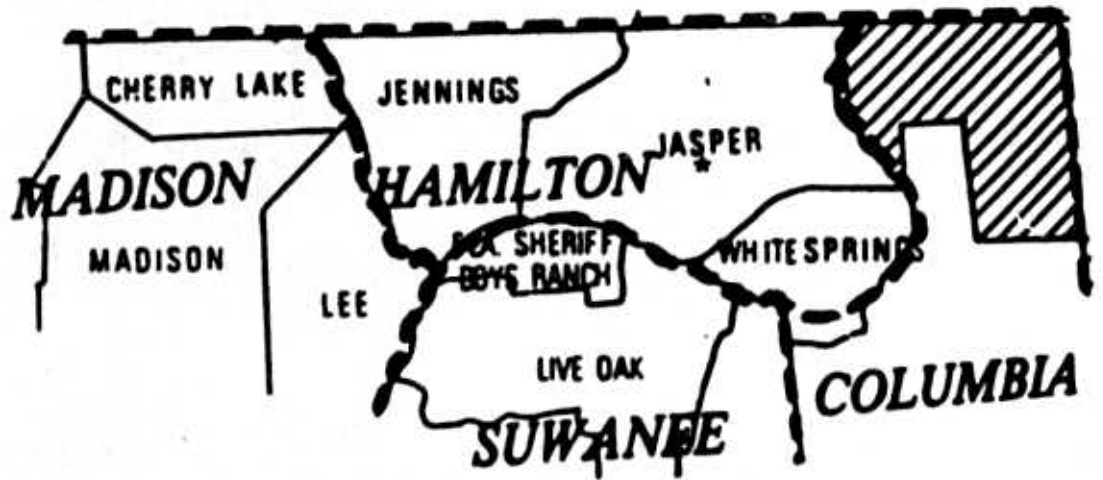
Due to the magnitude of this EAS request, staff recommends that the EAS request for toll-free calling from Hamilton County to all exchanges within Columbia County, Suwannee County, and Madison County be denied as filed. The Hamilton County Board of County Commissioners should refile its resolution requesting only the routes that warrant toll relief. The requested routes should be listed in priority order based on community of interest and include an explanation of why a community of interest exists on each route.

ISSUE 2: Should this docket be closed?

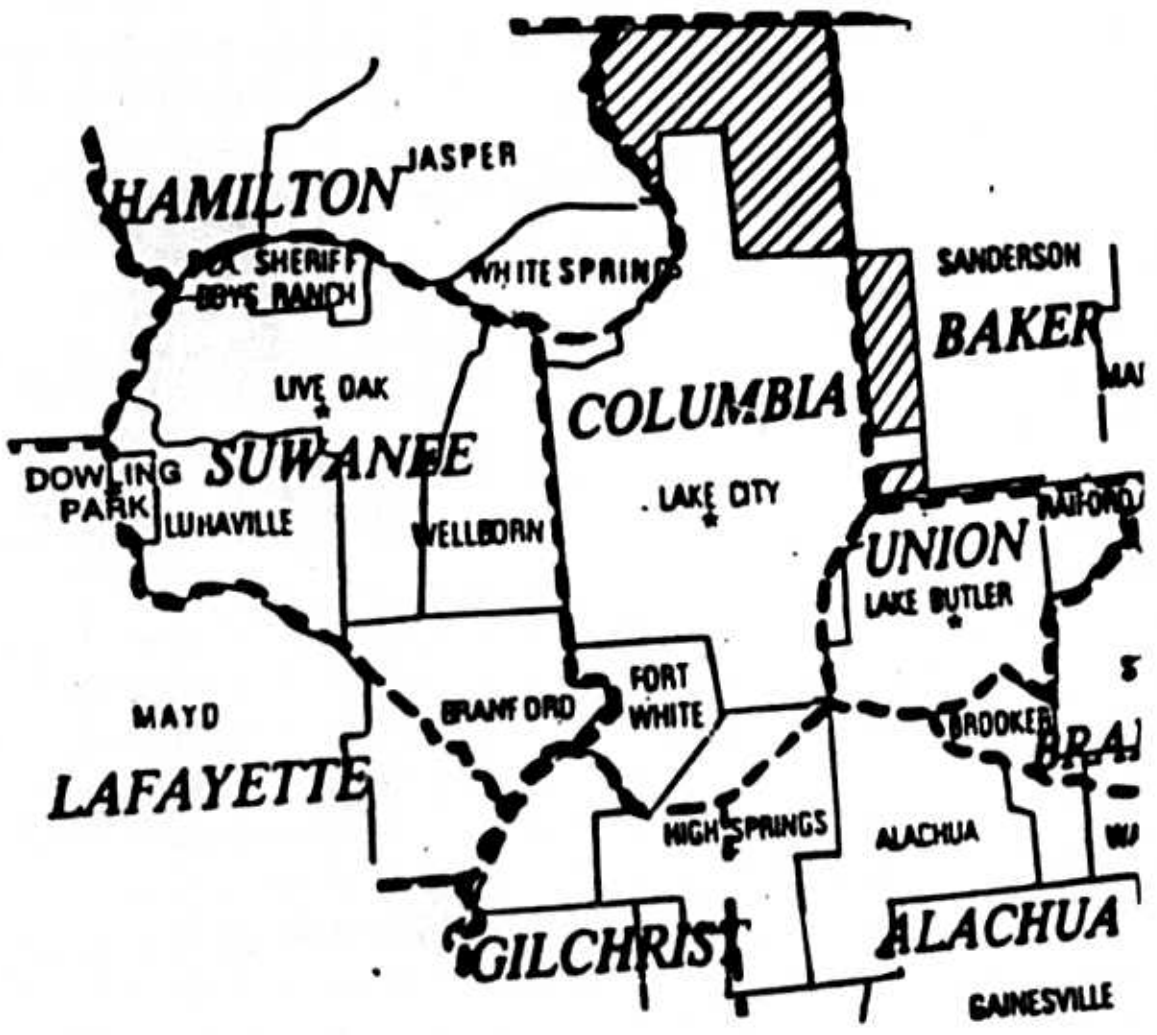
STAFF RECOMMENDATION: Yes. If Issue 1 is approved, this docket should be closed, unless a person whose substantial interests are affected files a protest within 21 days of the issuance date of the order resulting from this recommendation.

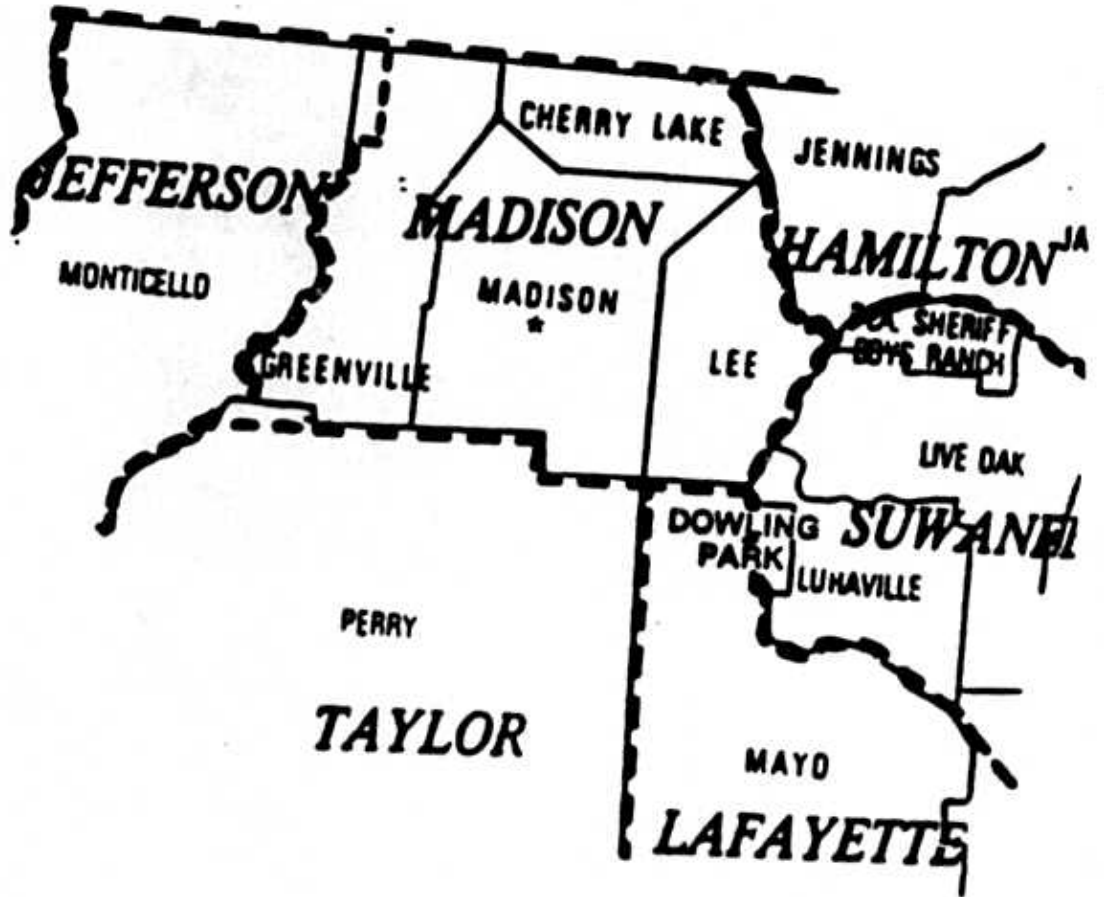
STAFF ANALYSIS: If Issue 2 is denied, this docket should remain open until the Commission makes its final decision regarding EAS on the proposed routes in this docket.

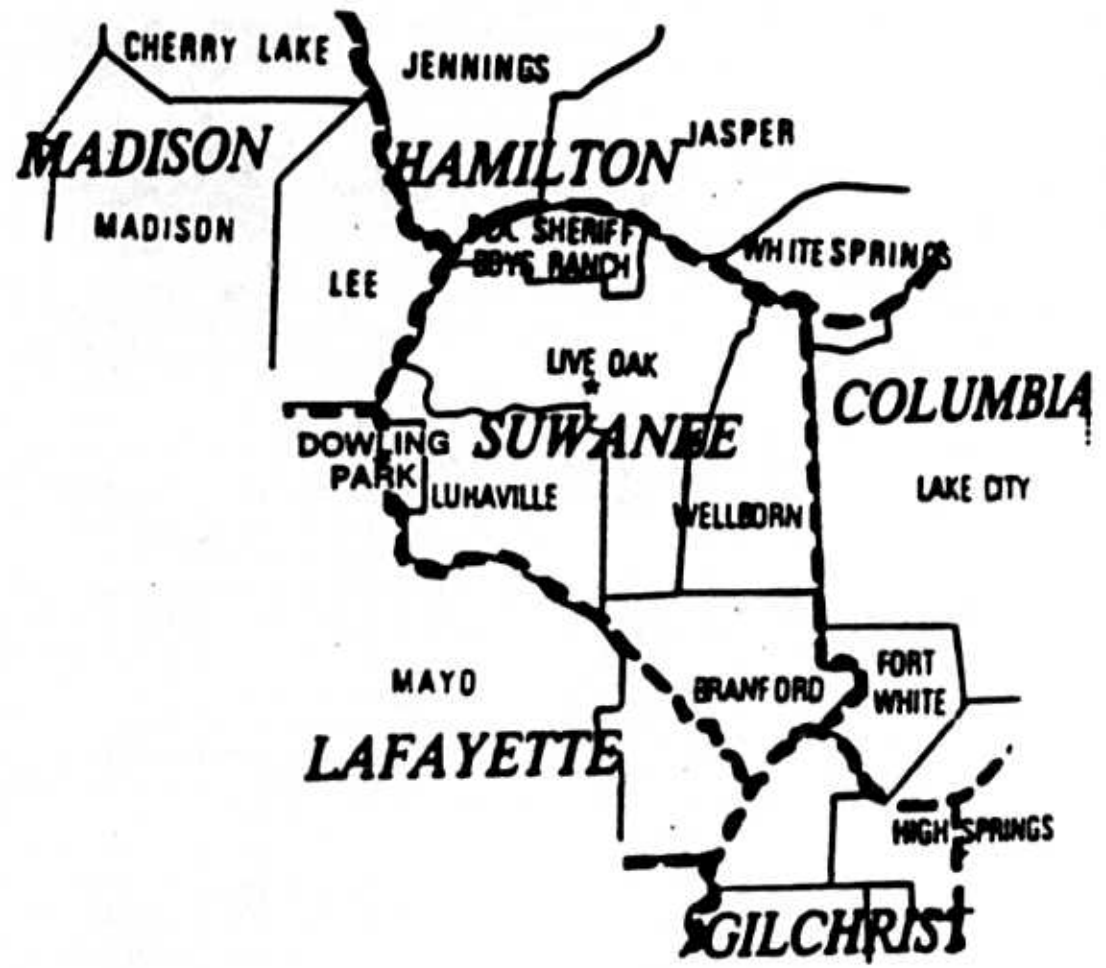
HAMILTON



COLUMBIA







ATTACHMENT-B

Mileage - 970825-TL**Hamilton County (exchanges)**

	Jasper (ALLTEL)	Jennings (ALLTEL)	White Springs (ALLTEL)
Suwannee County			
Fl. Boys ranch ex. (ALLTEL)	8	13	17
Live Oak ex. (ALLTEL)	15	22	15
Luraville ex. (ALLTEL)	25	28	25
Dowling Park ex. (ALLTEL)	28	27	31
Wellborn ex. (ALLTEL)	21	31	8
Branford ex. (ALLTEL)	38	45	27
Columbia County			
Lake City ex. (BST)	29	40	13
Fort White pocket (ALLTEL)	45	52	29
High Springs pocket (ALLTEL)	53	61	36
Madison County			
Cherry Lake ex. (Sprint)	30	20	44
Greenville ex. (Sprint)	42	33	52
Lee ex. (Sprint)	23	18	33
Madison ex. (Sprint)	29	21	40