

FLORIDA PUBLIC SERVICE COMMISSION
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MEMORANDUM

February 5, 1998

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FPSC - Records/Reporting

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

FROM: DIVISION OF COMMUNICATIONS (WIGGINS) ✓HW ✓EW
DIVISION OF LEGAL SERVICES (KEATING) ✓K ✓MCB

RE: DOCKET NO. ~~971628-FL~~ - RESOLUTION BY COLUMBIA COUNTY BOARD OF COUNTY COMMISSIONERS REQUESTING EXTENDED AREA SERVICE FROM THE FT. WHITE EXCHANGE TO ALL EXCHANGES WITHIN ALACHUA COUNTY.

AGENDA: FEBRUARY 17, 1998 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: S:\PSC\CMU\WP\971628TL.RCM

CASE BACKGROUND

On September 26, 1997, the Columbia County Board of County Commissioners filed a resolution requesting extended area service (EAS) from the Ft. White exchange to all exchanges within Alachua County, with the exception of the Alachua exchange. ALLTEL Florida, Inc. (ALLTEL) serves the Ft. White exchange which is located in Columbia County, as well as the Brooker, Melrose, and Waldo exchanges located in Alachua County. BellSouth Telecommunications, Inc. (BellSouth) serves the Archer, Gainesville, Hawthorne, Micanopy, and Newberry exchanges located in Alachua County. The Ft. White exchange is located in the Jacksonville LATA. The Archer, Brooker, Gainesville, Hawthorne, Melrose, Micanopy, Newberry, and Waldo exchanges are located in the Gainesville LATA. Attachment A provides maps of the involved exchanges. Attachment B is the mileages between the requested exchanges.

In order to narrow the scope of Columbia County's request and determine what routes truly warrant toll, staff made several attempts to contact Columbia County officials. After discussing the requested routes with the County's officials, staff notes that the officials refused to modify the request to focus on the

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routes that the officials believe have a strong community of interest.

On September 22, 1997, the Commission received a petition for EAS from the residents of Ft. White. The scope of the petition was much narrower. The residents only request EAS from Ft. White to the Gainesville exchange. By Order No. PSC-98-0098-FOF-TL, ALLTEL was required to conduct traffic studies on the requested route. A recommendation is schedule to be filed on June 18, 1998.

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

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DISCUSSION OF ISSUES

ISSUE 1: Should the extended area service (EAS) request by the Columbia County Board of County Commissioners for toll-free calling from the Ft. White exchange to all exchanges within Alachua County be approved?

STAFF RECOMMENDATION: No. The request for EAS by the Columbia County Board of County Commissioners from the Ft. White exchange to all exchanges within Alachua County should be denied. Because of the large number of routes involved, staff believes the Columbia County Board of County Commissioners should refile its resolution requesting only the routes that it believes 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.
(WIGGINS)

STAFF ANALYSIS: On September 26, 1997, the Columbia County Board of County Commissioners filed a resolution requesting EAS from the Ft. White exchange to all exchanges within Alachua County, with the exception of the Alachua exchange, which is a toll-free call. This EAS request involves 10 exchanges and 16 routes. All of the requested routes are interLATA with ALLTEL solely serving 6 of the involved routes. BellSouth carries one half of the traffic on the 10 remaining routes. Also, 10 of the involved routes are more than 30 miles long. For example, the Ft. White/Hawthorne route is 43 miles, the Ft. White/Melrose route is 41 miles, and the Ft. White/Micanopy route is 38 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. Since BellSouth is a price-regulated LEC, the Commission does not have the jurisdiction to require BellSouth to conduct traffic studies on the routes the Company serves. Thus, in order to determine if a community of interest exists, the Commission would have to require ALLTEL to conduct one-way traffic studies on the requested routes. However, because of the number of routes requested (16 interLATA routes) and the distance of the routes (10 routes over 30 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.

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Section 364.052(2)(b), Florida Statutes, 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-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 scope of this EAS request, staff believes that it is highly unlikely that a community of interest exists between the Ft. White exchange in Columbia County and all of the exchanges within Alachua County. Thus, staff believes that Columbia County's EAS request is unreasonable and should be rejected.

Since 10 of the requested routes are interLATA and involve BellSouth, staff points out that BellSouth is prohibited by federal law from originating interLATA traffic unless the routes qualify for flat rate non-optional EAS. In this case, BellSouth would have to seek a waiver from the FCC to modify the LATA boundary for this purpose.

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. Ft. White, currently, has toll-free calling to High Springs and Lake City, the county seat for Columbia County.

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The purpose of EAS is to provide toll relief to those communities that have exhibited a community of interest with one another, not just a desire to call other exchanges toll-free. Staff believes that it is doubtful that the Ft. White exchange could have a community of interest with all of the exchanges within Alachua 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' resources to conduct traffic studies on all of the routes at issue. ALLTEL solely serves 6 of the 16 routes and carries one-half of the traffic on the 10 remaining routes. As a small LEC subject to Section 364.052, Florida Statutes, staff contends that the required traffic studies would be overly burdensome and costly for ALLTEL to conduct. BellSouth is a price-regulated LEC. 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, in accordance with Section 364.02(2) and 364.385, Florida Statutes.

Staff believes that the Columbia 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 Columbia County Board of County Commissioners should explain why each route needs toll relief (i.e., qualitative criteria).

Due to the scope of this EAS request, staff recommends that the EAS request for toll-free calling from the Ft. White exchange to all exchanges within Alachua County, should be denied as filed. The Columbia 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.

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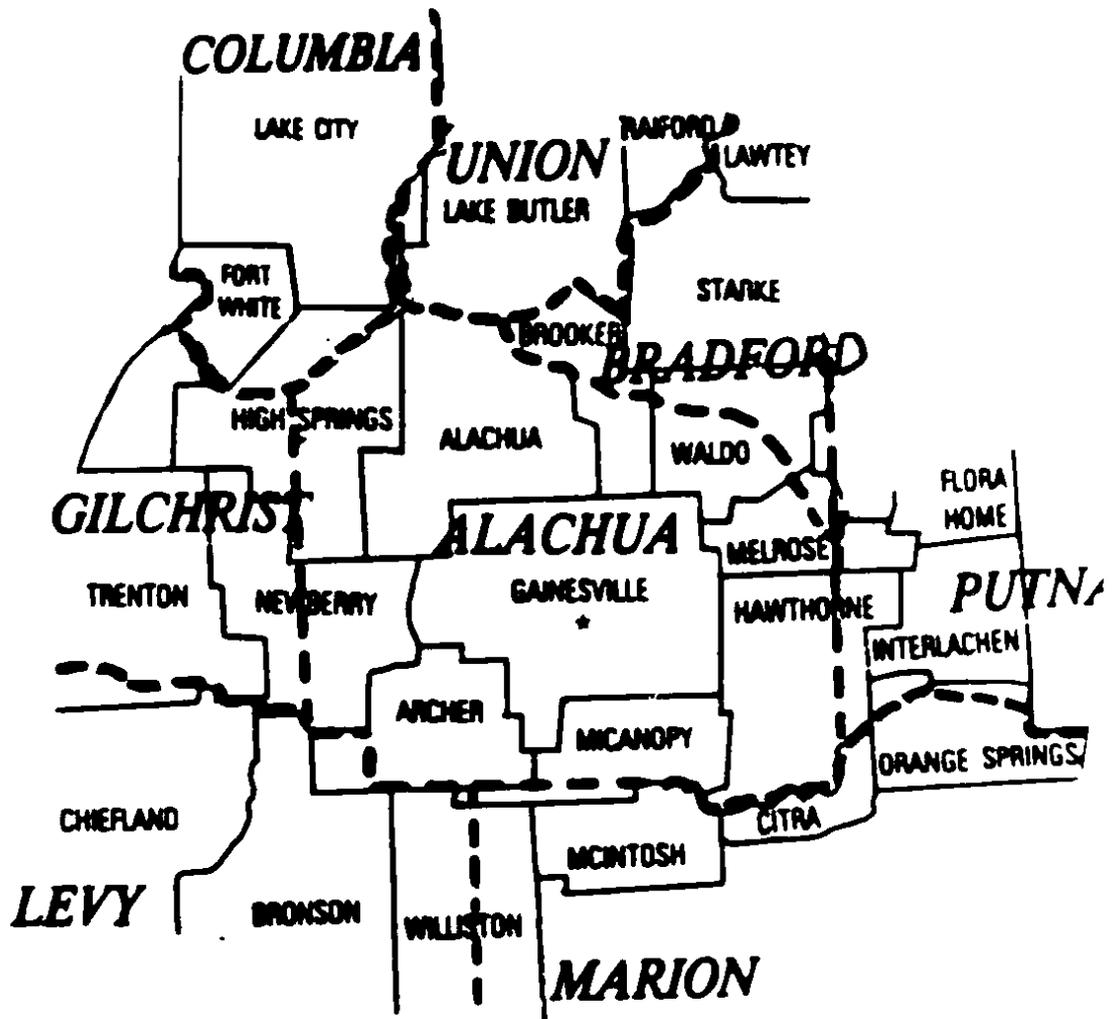
ISSUE 2: Should this docket be closed?

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. (KEATING)

STAFF ANALYSIS: 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.

ATTACHMENT-A

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ATTACHMENT-B

MILEAGE - 971628-TL

| | Ft. White (ALLTEL) |
|-----------------------|--------------------|
| Alachua County | |
| Archer (BST) | 30 |
| Brooker (ALLTEL) | 23 |
| Gainesville (BST) | 29 |
| Hawthorne (BST) | 43 |
| Melrose (ALLTEL) | 41 |
| Micanopy (BST) | 38 |
| Newberry (BST) | 20 |
| Waldo (ALLTEL) | 34 |