



RECEIVED-EPSC

Public Service Commission

98 JUN 18 PM 4:30
CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

RECORDS AND
REPORTING **M-E-M-O-R-A-N-D-U-M-**

DATE: JUNE 18, 1998

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

FROM: DIVISION OF COMMUNICATIONS (BARRETT) *MCB*
DIVISION OF LEGAL SERVICES (B. KEATING) *MCB BK*

RE: DOCKET NO. 971627-TL - PETITION BY RESIDENTS OF FT. WHITE REQUESTING EXTENDED AREA SERVICE BETWEEN FT. WHITE EXCHANGE IN COLUMBIA COUNTY AND GAINESVILLE EXCHANGE IN ALACHUA COUNTY.

AGENDA: 06/30/98 - REGULAR AGENDA - PROPOSED AGENCY ACTION - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\971627.RCM

CASE BACKGROUND

On September 17, 1997, residents of the Fort White exchange filed a Petition for extended area service (EAS) between the Fort White and Gainesville exchanges. The Fort White/Gainesville route is interLATA and involves BellSouth. The Fort White exchange is served by ALLTEL, Florida, Incorporated (ALLTEL) and is located in the Jacksonville Local Access Transport Area (LATA). The Gainesville exchange is served by BellSouth Telecommunications, Incorporated (BellSouth) and is located in the Gainesville LATA. Attachment A contains pertinent exchange data, and Attachment B is a map of the involved exchanges.

DOCUMENT NO.
06458-98
6-18-98

ALLTEL remains under rate-of-return regulation, pursuant to Chapter 364.052(2), Florida Statutes, and has not elected price regulation. BellSouth has elected price regulation in accordance with Section 364.051(1)(a), Florida Statutes.

The Telecommunications Act of 1996 delineated restrictions on Bell Operating Companies (BOCs) regarding interLATA telecommunications services. Specifically, Section 271 of the Act prohibits the BOCs from originating interLATA traffic until the BOCs meet certain conditions, including completion of a competitive checklist. Under Section 272 of the Act, even after it meets the requirements of Section 271, a BOC may only originate interLATA telecommunications services through a separate and independent affiliate.

On July 15, 1997, the FCC issued Order 97-244. That order addressed several petitions by BOCs for modification of LATA boundaries to allow them to provide expanded local calling service. The FCC determined that the need for certain expanded local calling routes outweighed any anticompetitive risks, and therefore approved 23 of the requests to modify LATA boundaries. The FCC also emphasized that the LATAs were being modified solely to allow the BOCs to offer non-optional, flat rate local calling service, not to permit the BOCs to offer any other type of service. The FCC further concluded that flat-rate, non-optional, expanded local calling service between exchanges will be deemed intraLATA, and the provisions of the Act governing intraLATA service will apply. Other types of service between specified exchanges will be deemed interLATA, and the provisions of the Act governing interLATA service will apply.

PERTINENT ORDERS

By Order No. PSC-98-0098-FOF-TL, issued on January 15, 1998, the Commission ordered ALLTEL to conduct one-way traffic studies from the Fort White exchange to the Gainesville exchange. Staff would note that BellSouth was not required to conduct traffic studies because it is a price regulated local exchange company (LEC).

DOCKET NO. 971627-TL
DATE: JUNE 18, 1998

By Order No. PSC-98-0768-CFO-TL, issued April 14, 1998, the Commission granted ALLTEL's request for Confidential Classification of certain information contained in the traffic study.

By Order No. PSC-98-0811-CFO-TL, issued on June 18, 1998, the Commission reversed its decision and denied ALLTEL's request for confidential treatment of Document No. 04245-98 because ALLTEL's assertions of confidentiality were erroneous.

DEMOGRAPHIC INFORMATION

Fort White exchange (ALLTEL) - This exchange is located in the southwestern portion of Columbia County and covers approximately sixty-five (65) square miles. ALLTEL states that the Fort White exchange has, at this time, one NNX (497) which supports 1,630 access lines. The subscriber density for the Fort White exchange is projected to be about 24.7 access lines per square mile. Fort White has toll-free calling to the Alachua, Branford, High Springs, and Lake City exchanges.

Gainesville exchange (BellSouth) - This exchange is located in the central portion of Alachua County. It is considered to be a regional economic center for North Central Florida. BellSouth states that the local economy is dominated by the educational and medical communities. It is the site of the University of Florida, the state's largest four-year university, which has an enrollment of approximately 33,000 students. The exchange itself is self-sufficient in terms of shopping and services.

MILEAGE DATA

Fort White to Gainesville - 29 miles

DISCUSSION OF ISSUES

ISSUE 1: Should the Commission set this docket for hearing on its own motion to obtain additional community of interest criteria?

RECOMMENDATION: Yes. Staff recommends that this docket be set for hearing because ALLTEL cannot provide the distribution factors as required by Rule 25-4.060(3)(a), Florida Administrative Code. Staff believes a hearing will provide additional community of interest factors that will help determine if balloting the Fort White subscribers for EAS is warranted.
(BARRETT)

STAFF ANALYSIS: Rule 25-4.060(3)(a), Florida Administrative Code, requires a calling rate of at least three Messages per Access Line per Month (M/A/Ms) in cases where the petitioning exchange contains less than half the number of access lines as the exchange to which EAS is desired. This rule further requires that at least 50% of the subscribers in the petitioning exchange make two or more calls per month to the larger exchange to qualify for traditional EAS. The requested route would be subject to the rule since the request originated from residents of the Fort White exchange, and the access lines for the Fort White exchange (1,630 access lines) are less than half of the access lines in the Gainesville exchange (128,559 access lines).

ALLTEL indicates that it no longer provides billing and collection for AT&T; therefore, it does not have the calling data required by Rule 25-4.060(3)(a), Florida Administrative Code. ALLTEL was, however, able to determine the M/A/Ms information by using CABS billing data for the "big three" IXCs (AT&T, MCI, and Sprint). Staff believes this M/A/M data provides a very accurate account of the calling volumes from Fort White to Gainesville since it is representative of the "big three" IXCs instead of just AT&T.

The calling rate on the Fort White/Gainesville route exceeded the three or more M/A/M rule requirement; however, ALLTEL does not have the data needed to complete the distribution criteria. Without this data, staff cannot determine whether this route meets the EAS rule requirements. The high calling rate could be the result of a few high volume users driving the average up, or it could be that over 50% of the customers in Fort White do make over two calls to the Gainesville exchange per

DOCKET NO. 971627-FL
DATE: JUNE 18, 1998

month. Because the Commission must make a determination on whether the Fort White customers should be surveyed for non-optional, two-way, flat rate EAS, staff believes that a customer hearing is warranted. This will allow the Commission to obtain information other than calling data, such as community of interest criteria from Fort White subscribers.

Staff notes that in Order No. 97-244 the FCC determined that optional, measured extended local calling service (ELCS) was not appropriate because it would allow the BOCs to provide what would be interLATA toll service without first meeting the requirements of Section 271 of the Telecommunications Act of 1996. Therefore, an optional toll plan would only be available in one direction since BellSouth cannot originate interLATA traffic.

Staff would also point out that the FCC has allowed interLATA BOC routes solely for the purpose of offering non-optional, flat rate local calling service if the states determined that the routes met qualifying factors. It is for this reason that staff believes it is important to hold a hearing. This will allow the affected subscribers an opportunity to provide additional community of interest criteria to the Commission that may prove to be sufficient to warrant balloting the Fort White customers for EAS to Gainesville.

Staff recommends that this docket be set for hearing because ALLTEL cannot provide the distribution factors as required by Rule 25-4.060(3)(a), Florida Administrative Code. Staff believes a hearing will provide additional community of interest factors that will help determine if balloting the Fort White subscribers for EAS is warranted.

DOCKET NO. 971627-1L
DATE: JUNE 18, 1998

ISSUE 2: Should this docket be closed?

RECOMMENDATION: If Issue 1 is approved, this docket should remain open pending the outcome of the hearing. If Issue 1 is denied, this docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action. **(B. KEATING)**

STAFF ANALYSIS: If Issue 1 is approved, this docket should remain open pending the outcome of the hearing. If Issue 1 is denied, this docket should be closed unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Proposed Agency Action.

EXCHANGE DATA					
<u>EXCHANGE</u>	<u>LEC</u>	<u>LATA</u>	<u>ACCESS LINES</u> <u>EAS LINES</u>	<u>EAS CALLING SCOPE</u>	<u>BASIC RATES</u>
FORT WHITE	ALLTEL	JACKSONVILLE	1,630* 44,093**	Alachua, Branford, High Springs, Lake City	R-1 \$ 9.95 B-1 \$ 24.70 PBX \$ 47.20
GAINESVILLE	BELLSOUTH	GAINESVILLE	128,559* 170,987**	Alachua, Archer, Bronson, Brooker, Hawthorne, High Springs, Lake Butler, Melrose, Micanopy, Newberry, Trenton, Waldo [Cedar Key, Chief land, Keystone Heights, Macintosh, Williston]	R-1 \$ 9.15 B-1 \$ 24.90 PBX \$ 42.33

* HOME EXCHANGE

** TOTAL CALLING SCOPE

[] ALTERNATIVE TOLL PLAN (ECS or \$.25 Plan)

ALACHUA

