

State of Florida



Public Service Commission

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DATE: JUNE 24, 1999

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

FROM: DIVISION OF LEGAL SERVICES (KEATING) *BR CB*
DIVISION OF TELECOMMUNICATIONS (BARRETT) *W*

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: JULY 6, 1999 - REGULAR AGENDA - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

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

CASE BACKGROUND

On September 17, 1997, residents of the Ft. White exchange filed a petition for extended area service (EAS) between the Ft. White and Gainesville exchanges. The Ft. White exchange is served by ALLTEL, Florida, Incorporated (ALLTEL) and is located in the Jacksonville Local Access and Transport Area (LATA). The Gainesville exchange is served by BellSouth Telecommunications, Incorporated (BellSouth or BST) and is located in the Gainesville LATA. The Ft. White/Gainesville route is interLATA and involves BellSouth.

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FPSC-RECORDS/REPORTING

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The Telecommunications Act of 1996 (Act) identified restrictions on Bell Operating Companies (BOCs), such as BellSouth, regarding their provision of interLATA telecommunications service. Specifically, Section 271 of the Act prohibits BOCs from originating interLATA traffic until certain conditions are met, including the completion of a competitive checklist. Section 272 of the Act delineates that, even upon meeting the requirements of Section 271, a BOC may then only originate interLATA telecommunication service through a separate and independent affiliate.

On July 15, 1997, the Federal Communications Commission (FCC) issued FCC Order 97-244 which addressed several petitions by BOCs for LATA modifications to provide expanded local calling service, such as EAS. The FCC continues to consider requests for waiver of LATA boundaries in order to allow the provision of nonoptional, flat rate local calling service on an interLATA basis.

By Order No. PSC-98-0950-FOR-TL, issued on July 14, 1998, this docket was set for hearing. The customer and technical hearings were conducted on January 11, 1999 in Ft. White, Florida. Witness Martin testified that BST would provide two-way EAS if the Commission determined that it was warranted. The witness indicated that this agreement was contingent upon full cost recovery.

By Order No. PSC-99-0593-FOF-TL, issued on April 1, 1999, the Commission required ALLTEL to survey the customers in the Ft. White exchange to determine whether customers were in favor of implementing EAS.

This recommendation reports the outcome of the customer survey for EAS on the Ft. White/Gainesville route.

DISCUSSION OF ISSUES

ISSUE 1: Based on the results of the survey, should the Commission order the implementation of nonoptional, two-way, flat rate EAS between the Ft. White and Gainesville exchanges?

RECOMMENDATION: Yes. The survey results, which are summarized in Table A, met the requirements of Rule 25-4.063(6), Florida Administrative Code. ALLTEL and BellSouth should, therefore, be ordered to implement nonoptional, two-way, flat rate EAS between the Ft. White and Gainesville exchanges at the rates stated in Table B. Since the survey demonstrated that a sufficient community of interest exists on the requested route to implement EAS, BellSouth should be ordered to apply to the FCC for a waiver to modify the LATA boundary in order to provide EAS on the Ft. White/Gainesville route.

Staff further recommends that EAS should be implemented on the Ft. White/Gainesville route as soon as possible, pending the FCC's approval of BellSouth's petition for a waiver of the LATA boundary. Implementation should occur thereafter on a date agreeable to ALLTEL and BellSouth, but no later than twelve months from the date of the FCC's approval of the waiver. (BARRETT)

STAFF ANALYSIS: FCC Order 97-244 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; therefore, the FCC approved the requests addressed in that order. The FCC also emphasized that the LATAs were being modified solely to allow the BOCs to offer nonoptional, flat rate local calling service, not to permit the BOCs to offer any other type of service. The FCC further concluded that nonoptional, flat rate 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.

The results from the subscriber survey satisfied the requirements of Rule 25-4.063(6), Florida Administrative Code,

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which specify that at least 40% of all ballots mailed must be returned, and a majority of all respondents in the exchange vote favorably.

ALLTEL mailed 1,732 ballots to all customers of record in the Ft. White exchange. The results of the survey are shown on Table A:

TABLE A

SURVEY RESULTS			
	NUMBER	PERCENT OF TOTAL MAILED	PERCENT OF TOTAL RETURNED
Ballots Mailed	1,732	100.00%	
Ballots Returned	805	46.48%*	
For EAS	600	34.64%	74.53%**
Against EAS	202	11.66%	25.09%
Invalid	3	<0.01%	<0.01%

* Rule requires 40% of the ballots mailed must be returned.

** Rule requires a majority (>50%) of the ballots returned must vote favorably (40% requirement must be met regardless of majority vote).

Based on the results of the survey, staff recommends that ALLTEL and BellSouth implement nonoptional, two-way, flat rate EAS between the Ft. White and Gainesville exchanges at the rates listed below in Table B. Staff notes that in order to provide expanded local calling service on the Ft. White/Gainesville route, BellSouth must apply to the FCC for a waiver to modify the LATA boundary for this purpose.

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TABLE B

PROPOSED RATES AS BALLOTTED					
	PRESENT RATE	25/25 ADDITIVE	RE-GROUP ADDITIVE	TOTAL OF ADDITIVES	NEW RATE
R-1	\$ 9.95	\$ 2.29	\$ 0.00	\$ 2.29	\$12.24
B-1	\$24.70	\$ 6.23	\$ 0.00	\$ 6.23	\$30.93
PBX	\$47.20	\$10.58	\$ 0.00	\$10.58	\$57.78

Finally, staff believes that BST's cost of providing flat rate EAS on the Ft. White/Gainesville route can be addressed in the context of Docket No. 970808-TL, Petition of BellSouth Telecommunications, Inc. to remove interLATA access subsidy received by St. Joseph Telephone & Telegraph Company. These EAS costs can be considered an offset against the required rate reductions associated with the termination of the interLATA subsidy payment. This offset is, however, dependent upon the outcome of the ongoing appeal of the Commission's final order in Docket No. 970808-TL.

Staff recommends that EAS should be implemented on the Ft. White/Gainesville route as soon as possible, pending the FCC's approval of BellSouth's petition for a waiver of the LATA boundary. Implementation should occur thereafter on a date agreeable to ALLTEL and BellSouth, but no later than twelve months from the date of the FCC's approval of the waiver.

ISSUE 2: Should Docket No. 971627-TL be closed?

RECOMMENDATION: Yes. If the recommendation in Issue 1 is approved, this docket should be closed. Staff should place the matter on monitor status to ensure that ALLTEL and BellSouth make the necessary tariff revisions to comply with the implementation date. (KEATING)

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STAFF ANALYSIS: With the approval of staff's recommendation in Issue 1, this docket should be closed. Staff should place the matter on monitor status to ensure that ALLTEL and BellSouth make the necessary tariff revisions to comply with the implementation date.