

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Resolution by Nassau) DOCKET NO. 931090-TL
County Commission for countywide) ORDER NO. PSC-97-0507-FOF-TL
calling within Nassau County.) ISSUED: May 2, 1997
_____)

The following Commissioners participated in the disposition of this matter:

JULIA L. JOHNSON, Chairman
J. TERRY DEASON
DIANE K. KIESLING

APPEARANCES:

J. Jeffry Wahlen, Esquire, Ausley & McMullen, Post Office Box 391, Tallahassee, Florida 32302
On behalf of ALLTEL Florida, Inc.

J. Phillip Carver, Esquire, c/o Nancy H. Sims, 150 South Monroe Street, Room 400 Tallahassee, Florida 32301
On behalf of BellSouth Telecommunications, Inc.

Michael S. Mullin, Esquire, 26 South 5th Street, Fernandina Beach, Florida, 32034
On behalf of Nassau County.

Robert Pierson, Esquire, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850
On behalf of Commission Staff.

FINAL ORDER ON EXTENDED AREA SERVICE
WITHIN NASSAU COUNTY

BY THE COMMISSION:

In response to Resolution No. 94-15, filed by the Nassau County Board of Commissioners, on November 2, 1993, we initiated this docket to investigate Nassau County's request that extended area service (EAS) be implemented between all Nassau County exchanges. The Callahan, Fernandina Beach, Hilliard, and Yulee exchanges, as well as a pocket of the Baldwin exchange, are all located within Nassau County. The Callahan and Hilliard exchanges are served by ALLTEL Florida, Inc. (ALLTEL), and the Baldwin,

DOCUMENT NUMBER-DATE

04382 MAY-26

FPSC-RECORDS/REPORTING

Fernandina Beach, and Yulee exchanges are served by BellSouth Telecommunications, Inc., (BellSouth). Attached to this Order as Attachment A is the calling data on all routes at issue in this docket. Attachment B to this Order is a map of the pertinent exchanges.

By Order No. PSC-93-1766-PCO-TL, issued December 8, 1993, we required BellSouth to perform and file traffic studies on the routes in question in this docket. On March 8, 1994, BellSouth filed the required information, which was designated as Document No. 02239-94, along with a request for confidential classification for certain information contained therein. By Order No. PSC-94-0470-CFO-TL, issued April 4, 1994, BellSouth's request for confidential classification of certain information contained in Document No. 02239-94 was granted.

By Order No. PSC-95-1556-FOF-TL, issued December 15, 1995, we set this matter for hearing to consider community of interest criteria other than traffic data. By Order No. PSC-96-0785-PHO-TL, issued June 17, 1996, we established the procedures to govern the conduct of this proceeding.

On June 27, 1996, we conducted a public and technical hearing in Yulee, Florida. By Order No. PSC-96-1057-PCO-TL, issued August 16, 1996, we granted Nassau County's Motion for late filing of briefs. On February 26, 1997, Nassau County filed its post-hearing brief. The parties' positions and our findings on the issues addressed at the hearing are set forth below.

I. Is there a sufficient community of interest to warrant surveying for non-optional EAS or an alternative toll plan?

POSITION OF PARTIES

NASSAU COUNTY: Nassau County contends that there is a sufficient community of interest in the County to warrant balloting for non-optional EAS to all exchanges in Nassau County. We note that of the 32 citizens that testified during the public hearing about community of interest factors, all of them supported the request for non-optional EAS or some alternative form of toll relief. Witnesses Gossett, Kirkland, and Townsend further indicated that residents would support EAS with full knowledge that it would require a rate increase. In its brief, Nassau County also stated that the Baldwin pocket and the Callahan, Hilliard, and Yulee exchanges all depend on the Fernandina Beach exchange for their medical services, business services, and personal needs.

Nassau County also argues in its brief that the residents of Nassau County overwhelmingly believe that there is sufficient community of interest to grant non-optional EAS. Nassau County further asserts that the evidence presented dictates the residents should be able to call their children's school, hospital, doctors, businesses, and relatives based on reasonable rates.

Nassau County's witnesses Hill and Higginbotham also asserted that a majority of citizens in Nassau County use doctors, pharmacies, and the major hospital, Baptist Medical Center of Nassau, located in the western part of the County on Amelia Island, in the Fernandina Beach exchange. Witness Higginbotham added that there is a branch of the hospital located in Callahan. Witness Higginbotham also testified that it can be very expensive for the citizens of the Callahan and Hilliard areas to call the main hospital to obtain information on various benefits and other topics.

Witness Hill stated that in this age of HMOs and PPOs, members are required to use a list of certain doctors and pharmacists, and a large number of them are located in Fernandina Beach. Witness Hill further asserted that senior citizens residing in the Callahan area or the Hilliard area that are unable to drive would have to hire someone to take them to their pharmacy if it is one of the ones that is located in Fernandina Beach. Witness Hill stated that there is one drugstore in Hilliard, and it is not on most HMO lists. She also contended that residents of Hilliard would be pleased to use their own pharmacy, but they are unable to do that because of HMOs and PPOs.

Concerning the effects on businesses, Witness Higginbotham stated that the major private employers of Nassau County are Amelia Island Plantation, with an employee base of 950; Jefferson Smerfit, with 750 employees; The Ritz-Carlton, with 625 employees; Rayonier, with 400 employees; and Stone Container, with 200 employees. Witness Higginbotham stated that all but one of these employers are located on Amelia Island/Fernandina Beach. Stone Container is located in Yulee. Witness Higginbotham further asserted that a great many of the employees of these companies are from the Hilliard, Callahan, and Yulee areas. Witness Higginbotham argued that the employees commute every day and it can be very expensive for employees and their families to contact each other. Furthermore, Witness Higginbotham stated that one of the largest governmental employers in the area, the Federal Aviation Administration (FAA), is located in Hilliard. Witness Higginbotham asserted that a large number of the FAA's employees live on Amelia Island or in the Yulee area. Witness Higginbotham asserted that it is also a long distance call for FAA employees and employers to

contact each other. In its brief, Nassau County further contended that employers are required to make toll calls to some of their suppliers in different parts of the County.

Also concerning the effects on businesses, Witness Hill argued that it is very difficult and time consuming to conduct business in Nassau County because of the cost of long distance calling. Witness Hill, the president of the Nassau County Board of Realtors, asserted that throughout her tenure, all realtors that called with various problems spent money on long distance charges. She contended that the realtors like to keep business at home in Nassau County, but often the realtors conduct business in Jacksonville to avoid costly toll charges.

Witness Woehrle stated that his office is in Callahan, and every town that he calls is long distance. Witness Woehrle argued that in the insurance business, he has to be on the phone quite often, which can be very expensive. Witness Woehrle stated that he believed that toll charges deter other businesses from coming into the area.

Witness Williams indicated that Nassau County has a very diverse economic structure and large land mass that relies on heavy travel and communications to accomplish its daily business. He stated that long distance telephone expense is a heavy burden to businesses and to all Nassau County citizens as they try to access these businesses.

Various local leaders and local government officials from the area also agreed that there should be some kind of toll-free calling to all exchanges in the County. Witness Geiger, the Sheriff of Nassau County, contended that the department receives numerous complaints from citizens stating that they cannot get through to the Sheriff's Department. The witness stated that this is due to the fact that the Department has a limited number of lines to each side of the County in order to save money. This, the witness asserted, restricts the number of calls that can be received by the Department. Witness Geiger also asserted that toll-free countywide calling would help the situation; however, he acknowledged that all six lines could be busy. In addition, Sheriff Geiger contended that he has problems calling his deputies because some of them reside in all parts of the County. He stated this often prompts him to shift his deputies' schedules.

Witness Woehrle agreed with Sheriff Geiger that it is difficult to get through to the Sheriff's Department. He asserted that the lines are always busy. The witness also stated that the County's governmental divisions, located in Fernandina Beach, have

one toll-free line for several different divisions. It too, the witness asserted, is always busy. Witness Woehrle stated his belief that this is a very poor way of doing business and organizing the county. Witness Gossett, who is Nassau County's coordinator of public operations, contends that citizens cannot call his office toll-free. The witness noted, however, that the County does have direct lines or 800 numbers to provide toll-free calling to certain County offices. Witness Gossett indicated that the majority of these lines are foreign exchange lines. The witness further asserted that the County spends in excess of \$67,000 on its long distance charges and 800 numbers used for toll-free calling.

BELLSOUTH: BellSouth does not believe there is a sufficient community of interest for countywide calling on these routes to justify surveying Nassau County residents for non-optional EAS or an alternative toll plan. BellSouth argues that the traffic study performed revealed that there is not a sufficient volume and distribution of calls to demonstrate a community of interest to justify extended area service. If we order some sort of toll relief, BellSouth advocates the implementation of the ECS plan.

BellSouth argued that the volume and distribution of the traffic data do not support non-optional EAS on any of the long distance routes located within Nassau County. BellSouth's witness Sims stated that if we determine, however, that some form of toll relief is needed in Nassau County, the Company recommends that ECS be implemented on selected routes.

BellSouth's witness Sims also argued that based on Rule 25-4.060(3), Florida Administrative Code, the traffic data on the two-way routes at issue in this docket did not come close to meeting either the M/A/M or the call distribution requirements. Witness Sims contended that an examination of one-way calling statistics, reveals that only the Baldwin Pocket to Callahan route satisfies the three or more M/A/M criterion. The witness argued that this route fell short, however, of the requirement that at least 50 percent of the Baldwin Pocket subscribers make two or more calls per month. Witness Sims stated that traffic studies were conducted on these routes in this docket in January and February of 1994. Witness Sims contended that the results of the traffic studies on the three routes it serves do not reflect a calling pattern that satisfies the Commission's rules for non-optional flat rate local EAS. The witness asserted that the traffic data presents a detailed breakdown of calling between customer accounts. BellSouth stated that a small number of customers make substantially more calls than others, but that many customers make no calls at all.

BellSouth's witness Sims also contended that some community of interest factors may exist within Nassau County that might support an alternative toll relief plan, such as ECS. The witness stated, however, that our rule requires that objective indications of a community of interest, such as calling volume and distribution, be present before non-optional, flat rate EAS can be considered. Witness Sims asserted that these objective indications are not present in this docket.

Witness Sims stated that if the Commission determines that there is sufficient community of interest to order a non-optional EAS plan, then there should be appropriate regrouping and an additive. Witness Sims contended that since EAS is non-optional, the customers should be asked to approve this increase in their rates through the balloting procedures described in Commission rules.

ALLTEL: ALLTEL also does not believe there is a sufficient community of interest for countywide calling in Nassau County to warrant surveying the residents for non-optional EAS or some other toll relief plan.

In its brief, ALLTEL points out that the calling rates and distributions do not support a community of interest finding under the requirements of the Commission's EAS rule. ALLTEL asserted that while results within 50 percent of the official standard might be good enough for government work in Nassau County, within 50 percent of the established rule criteria is not sufficient for the Commission to order the implementation of EAS on the routes at issue. ALLTEL argued that in light of its traffic study, we should find that the calling patterns do not support EAS or an alternative toll plan under Commission rules.

ALLTEL's witness Eudy also asserted that Commission rules require that in order to qualify for flat rate non-optional EAS, one-way calling rates must exceed three messages per access line per month with 50 percent of the customers making two or more calls per month. ALLTEL argued that none of the routes at issue in this docket come close to meeting these requirements. ALLTEL's witness Eudy stated that the highest calling rate was between Hilliard and Fernandina Beach with a calling rate of 2.53 messages per access line per month, but that only 28.78 percent of the customers made two or more calls per month. In this instance, 58.98 percent of the customers actually made no calls at all during the test period. Witness Eudy contended that the other routes had calling volumes that were even lower.

ALLTEL's witness acknowledged that on prior occasions we have afforded toll relief where the calling volume did not quite meet the criteria of the rule. Witness Eudy contended that, typically, community of interest was based on criteria other than calling volumes, such as reliance by one exchange on another for employment, education, shopping, medical services, and social events. In such cases, there has been a request for EAS from a small to a large exchange. Witness Eudy stated that she believes this is not the situation in Nassau County. The witness contended that all of the exchanges are similar in size, with the exception of Fernandina Beach, which is the county seat for Nassau County. She asserted that, in the case of county seat calling, toll-free numbers are available for most agencies, and basic 911 service is available. Witness Eudy also stated that several county offices have 800 numbers available, as indicated in the telephone directories for Callahan and Hilliard.

ALLTEL's witness contends that if we find that an alternative toll plan should be ordered on any of the routes at issue, the Company recommends implementation of a plan that is currently in place in ALLTEL's territory, such as the ECS plan. Witness Eudy stated that this will minimize customer confusion and will avoid the cost of the extensive systems modifications that are necessary to program and develop a new billing plan for its customers.

DECISION

We agree with BellSouth and ALLTEL that there is not a sufficient community of interest to warrant balloting the residents of Nassau County for non-optional EAS to any exchange at issue in this docket. Although we acknowledge that all of the public witnesses indicated that a high level of public interest exists between exchanges within the County, we do not find that sufficient evidence was presented to substantiate the existence of a significant level of community of interest. This lack of evidence as to the level of community interest within the County was highlighted by the number of witnesses who stated that they depend on Jacksonville, in Duval County, for certain goods and services. We also note that ALLTEL's witness Eudy stated that several county offices have 800 numbers available for the citizens of Nassau County. In addition, we agree with ALLTEL and BellSouth that the calling volume and distribution for the exchanges do not come close to meeting the requirements of Commission rules for non-optional EAS.

While the public witnesses did express compelling arguments, particularly related to the medical facilities and major employment centers, we note that there is a branch of Baptist Medical Center of Nassau located in Callahan, as Witness Higginbotham testified. Furthermore, the Callahan, Baldwin, and Yulee exchanges have EAS to Jacksonville, while the Hilliard exchange has ECS to Jacksonville. Jacksonville has numerous medical facilities, and is closer than Fernandina Beach for many Nassau County residents. The ability to call employers and medical facilities in Nassau County, is not sufficient cause alone to order a countywide reduction in toll rates.

Witnesses Geiger, Higginbotham, and Gossett, testifying on behalf of local governments, expressed a need for toll-free, intra-county calling. ALLTEL's witness Eudy contended, however, that most government agencies have foreign exchange lines that provide toll-free calling. Witness Eudy also asserted that toll-free numbers are available in Nassau County for county seat calling. Upon review of this evidence, we shall not shift the financial burden to the local exchange companies for toll-free calling to County agencies without a strong showing that a significant community of interest exists countywide.

The evidence presented in this docket does not demonstrate that a sufficient community of interest exists to warrant balloting Nassau County residents for non-optional EAS to all exchanges in the County. Based on the evidence provided by the witnesses in this docket and the traffic studies presented by ALLTEL and BellSouth, we do, however, believe that the Nassau County pocket of the Baldwin exchange to Callahan route satisfied the M/A/M criteria for toll relief with a significant distribution factor. Therefore, this route shall receive some toll relief. Based on the evidence, we hereby order ALLTEL and BellSouth to implement ECS between the entire Baldwin exchange and the Callahan exchange. Even though only a portion of the Baldwin exchange is located in Nassau County, ECS shall be implemented on the entire Baldwin exchange in order to avoid customer confusion. Residential customers shall pay \$.25 per call regardless of duration, and business calls shall be rated at \$.10 for the first minute and \$.06 for each additional minute. Pay telephone providers shall charge end users \$.25 per message and pay the standard measured interconnection usage charge. IXCs may continue to carry the same types of traffic on these routes that they are now authorized to carry. ECS shall be implemented on this route as soon as possible, but not to exceed six months from the date of the issuance of this Order. No additive shall be imposed. The evidence presented in this docket does not support toll relief on the other routes at issue in this docket.

II. What other community of interest factors should be considered in determining if either an optional or non-optional toll alternative should be implemented?

POSITION OF PARTIES

NASSAU COUNTY: Nassau County asserted that other community of interest factors that may be considered include the location of schools, county and governmental offices, fire and police departments, medical emergency facilities, and hospitals, employment centers and social centers. The County argued that each of these were clearly dealt with in the testimony presented and each factor was addressed. As a result, the County argued that it is clear that the community of interest factors demonstrate that either an optional or non-optional toll alternative should be implemented.

In its brief, Nassau County contended that the public testimony represents a cross-section of the entire community, from elected officials and business representatives to individual citizens. Nassau County argued that the public testimony overwhelmingly indicated that there is a sufficient community of interest to justify a non-optional EAS plan or ECS. The County argued that while the telephone company data would indicate that the requirements for a non-optional EAS plan were not met as of 1993 and 1994, BellSouth's witness Sims did indicate, on cross-examination, that internal studies show that if an EAS system were in effect, the number of calls would increase.

Nassau County reiterated that there are numerous factors that have demonstrated a significant community of interest between all exchanges in Nassau County. These interest factors include the location of schools, government offices, workplace, and goods and services.

BELLSOUTH: BellSouth asserted that the other community of interest factors that may be considered include the location of schools, county and governmental offices, fire and police departments, medical emergency facilities, and military installations.

BellSouth's witness Sims stated that the Commission's rule requires that objective indications of a community of interest be present before non-optional, flat rate EAS can be considered. Witness Sims contended that these objective indications are not present in this docket.

ALLTEL: ALLTEL also asserted that the other community of interest factors that may be considered include the location of schools, county and governmental offices, fire and police departments, medical emergency facilities, and military installations. ALLTEL argued, however, that the record shows that toll-free calling is already available to most of these entities.

ALLTEL also argued that an evaluation of traditional community of interest factors demonstrates that no community of interest exists for toll-free calling throughout Nassau County. Witness Eudy contended that, in some cases, we have granted toll relief even though the calling rates were below the level specified in our rule. Witness Eudy added, however, that this was done when the Commission found that one exchange depended on others for employment, education, medical services and social events. Witness Eudy further asserted the situation is not the same in Nassau County. The witness contended that all of the exchanges are similar, with the exception of Fernandina Beach, which is the county seat for Nassau County. She asserted that in the case of county seat calling, toll-free numbers are available for most agencies, and basic 911 service is available. The witness indicated that telephone directories for Callahan and Hilliard provide a list of toll-free county calling numbers.

DECISION

Based on the evidence presented, we find that other community of interest factors may include location of schools, fire and police departments, medical and emergency facilities, access to local government, location of workplace, and access to goods and services, such as shopping centers and social activities, such as theaters, sporting events, etc.

Other Issues

We decline to make a determination on the issues presented regarding the economic impact of various toll relief plans, whether customers should be required to pay an additive, and the appropriate rates and charges to apply if a sufficient community of interest is found. Our determination that balloting for EAS is not warranted and our decision to require the implementation of ECS for the Baldwin/Callahan route make it unnecessary for us to make a determination on those issues.

Based on the foregoing, it is therefore

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ORDERED by the Florida Public Service Commission that Nassau County shall not be surveyed for non-optional extended area service. It is further

ORDERED that ALLTEL Florida, Inc. and BellSouth Telecommunications, Inc. shall implement ECS on the Baldwin/Callahan route, as set forth herein, within six months from the issuance of this Order. It is further

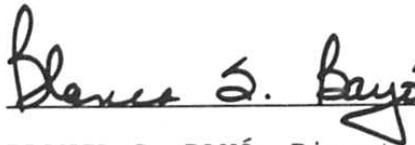
ORDERED that toll relief shall not be granted on any other routes at issue in this docket. It is further

ORDERED that pay telephone providers shall charge end users \$.25 per message and pay the standard measured interconnection usage charge. It is further

ORDERED that the other community of interest factors considered include the location of schools, fire and police departments, medical and emergency facilities, access to local government, location of workplaces, and access to goods and services, such as shopping centers and location of social activities. It is further

ORDERED that this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 2nd day of May, 1997.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

(S E A L)

BC

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900 (a), Florida Rules of Appellate Procedure.

ATTACHMENT A

EXCHANGE DATA					
EXCHANGE	LEC	LATA	ACCESS LINES EAS LINES	EAS CALLING SCOPE	BASIC RATES
FERNANDINA BEACH	SBT	JACKSONVILLE	12.798* 15.785**	Yulee [Jacksonville]	R-1 \$ 8.10 B-1 \$21.90 PBX \$37.23
BALDWIN	SBT	JACKSONVILLE	1.882* 361.372**	Jacksonville, Maxville (Macclenny, Sanderson)	R-1 \$ 9.80 B-1 \$26.60 PBX \$45.22
YULEE	SBT	JACKSONVILLE	2.988* 374.174**	Fernandina Beach, Jacksonville	R-1 \$ 9.80 B-1 \$26.60 PBX \$45.22
HILLIARD	ALLTEL	JACKSONVILLE	2.367* 7.076**	Callahan (Jacksonville)	R-1 \$ 9.25 B-1 \$23.40 PBX \$44.55
CALLAHAN	ALLTEL	JACKSONVILLE	4.709* 365.484**	Hilliard, Jacksonville	R-1 \$11.00 B-1 \$27.50 PBX \$52.25

* HOME EXCHANGE

** TOTAL CALLING SCOPE

[] OPTIONAL TOLL PLANS

() \$.25 PER CALL

ATTACHMENT B

NASSAU

