

State of Florida



**Public Service Commission**

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

**DATE:** MAY 4, 2000

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

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

**RE:** DOCKET NO. 870248-TL - RESOLUTION BY HOLMES COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE IN HOLMES COUNTY.

DOCKET NO. 870790-TL - REQUEST BY GILCHRIST COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE THROUGHOUT GILCHRIST COUNTY

DOCKET NO. 900039-TL - RESOLUTIONS BY THE ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE BETWEEN THE MOUNT DORA EXCHANGE AND THE APOPKA, ORLANDO, WINTER GARDEN, WINTER PARK, EAST ORANGE, REEDY CREEK, WINDERMERE, AND LAKE BUENA VISTA EXCHANGES

DOCKET NO. 910022-TL - RESOLUTION BY BRADFORD COUNTY COMMISSION REQUESTING EXTENDED AREA SERVICE WITHIN BRADFORD COUNTY AND BETWEEN BRADFORD COUNTY, UNION COUNTY AND GAINESVILLE

DOCKET NO. 910528-TL - REQUEST BY PUTNAM COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED SERVICE BETWEEN THE CRESCENT CITY, HAWTHORNE, ORANGE SPRINGS, AND MELROSE EXCHANGES, AND THE PALATKA EXCHANGE

DOCKET NO. 910529-TL - REQUEST BY PASCO COUNTY BOARD OF COUNTY COMMISSIONERS FOR EXTENDED SERVICE BETWEEN ALL PASCO COUNTY EXCHANGES

DOCKET NO. 911185-TL - REQUEST FOR EXTENDED AREA SERVICE BETWEEN ALL EXCHANGES WITHIN VOLUSIA COUNTY BY VOLUSIA COUNTY COUNCIL

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DOCKET NO. 921193-TL - RESOLUTION BY THE PALM BEACH COUNTY  
BOARD OF COUNTY COMMISSIONERS FOR EXTENDED AREA SERVICE  
BETWEEN ALL EXCHANGES IN PALM BEACH COUNTY

DOCKET NO. 930173-TL - PETITION BY THE RESIDENTS OF POLO  
PARK REQUESTING EXTENDED AREA SERVICE (EAS) BETWEEN THE  
HAINES CITY EXCHANGE AND THE ORLANDO, WEST KISSIMMEE, LAKE  
BUENA VISTA, WINDERMERE, REEDY CREEK, WINTER PARK,  
CLERMONT, WINTER GARDEN, & ST. CLOUD EXCHANGES.

**AGENDA:** 05/16/00 - REGULAR AGENDA - JOINT MOTION BY ALLTEL, GTEFL,  
AND SPRINT FOR LIMITED EXTENSION OF TIME TO COMPLY WITH  
THE REQUIREMENTS OF ORDER NO. PSC-99-1616-FOF-TL - PARTIES  
MAY PARTICIPATE

**CRITICAL DATES:** APRIL 17, 2000 - IMPLEMENTATION DEADLINE

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\CMU\WP\870248.RCM

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**CASE BACKGROUND**

- I. CONSOLIDATED ONE-WAY ECS DOCKETS NOS. 870248-TL, 870790-TL,  
900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-  
TL, and 930173-TL

The Florida Public Service Commission (Commission) suspended action in these dockets pending review of the impact of the Telecommunications Act of 1996 (the Act) on outstanding requests for interLATA extended area service (EAS) on BellSouth Telecommunications, Inc. (BellSouth) routes. There was some concern because under Section 271 of the Act, Bell operating companies (BOCs) are prohibited from originating interLATA traffic until the BOCs meet certain conditions. Under Section 271, a BOC may only originate interLATA telecommunications services through a separate and independent affiliate. On November 18, 1996, the Commission staff conducted a workshop on this matter.

After thoroughly reviewing the Act, the issues presented, and the comments filed by the workshop participants, by Order No. PSC-97-0622-FOF-TL, issued May 30, 1997, the Commission determined that BellSouth should be relieved of the requirement to seek Federal

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Communications Commission (FCC) approval to carry the interLATA traffic set forth in Order No. PSC-96-0557-FOF-TL. The Commission also relieved BellSouth of the requirement to implement the BellSouth-to-BellSouth interLATA extended calling service (ECS) routes set forth in Order No. PSC-96-0557-FOF-TL, because of the Act's impact on BellSouth's ability to carry interLATA traffic. The Commission also ordered that Docket Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, and 930173-TL which were in various procedural stages, remain open pending a determination of whether one-way ECS was feasible. By Order No. PSC-97-1462-PCO-TL, Order No. PSC-98-0537-FOF-TL, and Order No. PSC-98-0585-PCO-TL, the dockets identified in this section were consolidated for hearing purposes only.

In the consolidated proceeding, the Commission was to consider and address the feasibility of one-way ECS. At the prehearing, the parties asked that they be allowed to brief the issues in lieu of proceeding with the hearing. The parties also agreed to include in their briefs proposed rates to be charged to the end-user customers and an analysis of their cost of providing service to the customers with and without usage stimulation. This request was confirmed and approved. The briefs were filed on June 17, 1998.

In the consolidated proceeding, community of interest was not addressed because the Commission had already determined, in previous decisions specific to each docket, that an alternative form of toll relief was warranted. The issues in the consolidated proceeding arose because each of the dockets included interLATA routes in which at least one of the exchanges was served by BellSouth. As explained above, BellSouth may only originate interLATA telecommunications services through a separate and independent affiliate in accordance with Section 271 of the Act.

At the August 18, 1998, Agenda Conference, the Commission deferred staff's post-hearing recommendation for staff to determine whether the local exchange companies (LECs) could implement 1+10 digit dialing on the routes involved in these dockets. Staff was also directed to investigate how customers would be made aware that ECS is available to them. In addition, ALLTEL was directed to refile its hearing EXH 1 to reflect the correct cost and revenue information. On September 15, 1998, staff held a workshop on the dialing issue.

The recommendation was again deferred from the November 3, 1998, Agenda Conference to allow staff additional time to discuss possible alternatives methods of providing toll relief with the FCC

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staff. The result of those discussions is set forth in Section II below.

## II. *Staff's Discussions with the FCC*

On July 15, 1997, the FCC issued Order 97-244. That order addressed several petitions for modification of LATA boundaries to allow Ameritech, Bell Atlantic, BellSouth, Southwestern Bell, and US West to provide expanded local calling service. Therein, the FCC determined that the need for certain expanded local calling routes outweighed any anticompetitive risks, and therefore, it approved 23 of the requests to modify LATA boundaries. In addition, in Section V of Order 97-244, Future LATA Modification Requests, the FCC set forth specific guidelines to assist BOCs in filing future LATA modification petitions. In view of the FCC's indication that it would continue to consider future LATA modification petitions, staff believed that there might be hope for relief in many of the outstanding EAS/ECS dockets.

Soon thereafter, by Order No. PSC-97-1309-FOF-TL, issued in Docket No. 941281-TL, on October 22, 1997, the Commission ordered Sprint United-Florida to survey the subscribers of the Groveland exchange for nonoptional, two-way, flat rate, extended area service under the 25/25 plan with regrouping to the Orlando, Winter Garden, and Windermere exchanges because of the FCC's apparent willingness to continue to consider requests for modification of LATA boundaries to allow BOCs to provide expanded local calling. Based on the results of the survey, the Commission required Sprint United-Florida and BellSouth to implement nonoptional, two-way, flat rate EAS between the Groveland exchange and the Orlando, Winter Garden, and Windermere exchanges, and ordered BellSouth to apply to the FCC for a waiver to modify the LATA boundary, by Order No. PSC-98-0308-FOF-TL, issued February 23, 1998. The FCC granted BellSouth's petition for waiver on July 14, 1998. EAS was implemented for these routes on April 30, 1999.

Just a few weeks prior to BellSouth obtaining the waiver from the FCC, the Commission had expressed its frustration that it was unable to provide toll relief on the routes at issue in a separate docket that had not been a part of the one-way ECS proceeding, Docket No. 930235-TL. By Order No. PSC-98-0794-FOF-TL, issued June 8, 1998, the Commission determined that there was insufficient evidence of community of interest on the routes at issue in Docket No. 930235-TL to warrant surveying the customers for nonoptional EAS, but the Commission expressed frustration that it was unable to provide some other form of toll relief for these customers.

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Therefore, the Commission directed staff "to contact the FCC to see if there is any movement on their position of providing ECS on an interLATA basis for BellSouth." Order at p. 8. Thus, at the Commission's direction, staff began to review the criteria set forth in FCC Order 97-244 and to discuss with the FCC staff whether the criteria could be applied to routes other than nonoptional, two-way EAS routes. BellSouth's success in obtaining a waiver in Docket No. 941281-TL further encouraged staff to find an alternative means of providing relief for the routes in Docket No. 930235-TL, as well as in the outstanding ECS dockets.

In January, 1999, staff presented a proposal to the FCC staff on two-way interLATA ECS. Staff believed that this proposal addressed all of the criteria set forth in FCC Order 97-244, and, therefore, would provide a basis for the FCC to grant BellSouth waivers of the LATA boundaries to implement nonoptional two-way ECS. Staff received a tentative, but favorable, response from the FCC staff in April, 1999. In view of this response, staff filed a Proposed Agency Action recommendation supporting implementation of the proposal made to the FCC's staff for all the outstanding routes in Dockets Nos. 870248-TL, 870790-TL, 900039-TL, 910022-TL, 910528-TL, 910529-TL, 911185-TL, 921193-TL, 930173-TL, and 930235-TL. Prior to the June 1, 1999, Agenda, staff asked that the recommendation be deferred to allow staff additional time to address concerns recently identified by several of the parties.

On June 15, 1999, staff met with the parties to discuss their concerns. Each of the LECs at the meeting indicated that the two-way proposal recommended by staff presented significant billing concerns for each company. Due to these billing issues, the companies indicated that they would likely be unable to implement the proposal any sooner than the second quarter of 2000.

Prior to the meeting and again at the meeting, BellSouth also expressed concerns about expending a significant amount of money to survey the numerous routes at issue without a more definite statement from the FCC or its staff supporting the proposal. Therefore, staff contacted the FCC's staff on Friday, June 11, 1999, and again on Monday, June 14, 1999. In those discussions, the FCC's staff retreated from its previous, tentative acquiescence to staff's two-way proposal. The FCC's staff emphasized that while the proposal did provide additional community of interest information, the proposal recommended implementation of measured rate service, instead of flat-rate service (EAS). The FCC's staff argued that it had only recommended approval of modification of LATA boundaries to provide flat-rate service, except in a few very

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specific circumstances. Therefore, the FCC's staff indicated that it would not support the staff's two-way proposal.

As a result of the FCC staff's apparent change in its position and in light of the significant billing problems identified by the LECs, staff again presented its original post-hearing, one-way ECS recommendation at the July 15, 1999, Agenda Conference. The 23 routes were all interLATA, and all terminated in various BellSouth exchanges.

By Order No. PSC-99-1616-FOF-TL, issued August 17, 1999, the Commission directed ALLTEL Florida, Inc.(ALLTEL), GTE Florida, Inc.(GTEFL), and Sprint-Florida, Inc.(Sprint) (collectively, Joint Petitioners) to implement the one-way ECS routes as soon as possible, but not to exceed 8 months from the issuance date of the order, or April 17, 2000.

The PAA portions of the Order were rendered final by Consummating Order No. PSC-99-1891-CO-TL, issued on September 23, 1999.

On April 17, 2000, the Joint Petitioners filed a motion for a limited extension of time to comply with the requirements of Order No. PSC-99-1616-FOF-TL, specifically requesting a one week extension to April 24, 2000.

As of this filing date, May 4, 2000, all of the ECS routes covered in this recommendation have been implemented.

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### DISCUSSION OF ISSUES

**ISSUE 1:** Should the Commission grant the Joint Petitioner's motion for a limited extension of time to comply with the requirements of Order No. PSC-99-1616-FOF-TL?

**RECOMMENDATION:** Yes. The Commission should grant the Joint Petitioner's motion for a limited extension of one week to comply with the requirements of Order No. PSC-99-1616-FOF-TL. (Barrett)

**STAFF ANALYSIS:** On August 17, 2000, the Commission issued Order No. PSC-99-1616-FOF-TL (Order) in consolidated Docket No. 870248-TL. The Order set forth the implementation for interLATA, one-way ECS on the 23 routes identified therein. The Order allowed for implementation of these ECS routes to occur as soon as possible, but on a date not to exceed 8 months from the issuance date of the Order, or April 17, 2000.

The Joint Petitioners assert that the Order represents the first time this Commission has ordered one-way, interLATA ECS. As such, the originating local exchange companies had no experience in establishing the interLATA routes on a one-way basis. The Joint Petitioners contend that because the routes are interLATA, the facilities to transport the one-way ECS traffic must be obtained through an interexchange carrier (IXC), a process that differs from conventional interLATA two-way ECS. Furthermore, they state that unforeseen technical, logistical, and administrative challenges may delay the implementation of these routes, despite their diligent effort to meet the April 17, 2000 deadline. The Joint Petitioners are concerned that the unforeseen difficulties referred to above could cause a minor delay in implementing all of the interLATA, one-way ECS routes identified in the Order.

Accordingly, on April 17, 2000 and in an abundance of caution, the Joint Petitioners filed with this Commission a motion for a limited extension of time to comply with the requirements of Order No. PSC-99-1616-FOF-TL, requesting an extension of up to 7 calendar days, or April 24, 2000, to fully implement all of the named interLATA, one-way ECS routes.

Staff agrees with the Joint Petitioners assertions that the service at issue in this proceeding (one-way and interLATA) differs from conventional two-way ECS in several ways. It is possible that the necessary facilities to carry conventional two-way ECS traffic may or may not involve an IXC, but probably would not. However, one-way, interLATA ECS routes would, by necessity, involve an IXC

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for transport purposes. Because the routes are one-way, the terminating LEC, BellSouth in all of the routes at issue here, requires the Joint Petitioners to "drop off" the calls in a specified manner, and the necessary links therein require involvement from an IXC. Staff agrees that without prior experience of implementing an ECS arrangement as specified in this proceeding, the Joint Petitioners could (and have) encounter[ed] unforeseen technical, logistical, and administrative difficulties. Although not addressed by the Joint Petitioners in their motion, the routes at issue in this proceeding also differ from traditional two-way ECS in billing, as all calls - whether originated by a residential or business customer - are rated on a time sensitive basis, and not on a flat, per-call basis.

Staff notes that the unique nature of the one-way, interLATA ECS allowed the Joint Petitioners the opportunity to combine their resources in approaching the implementation challenge. Through conference calls and other similar interactions, the Joint Petitioners have worked with diligence to configure and provision the necessary facilities, and have advised staff of their progress up to and including the April 17, 2000, date. On that same date, the Joint Petitioners filed with this Commission a motion for a limited extension of time to comply with the requirements of Order No. PSC-99-1616-FOF-TL, requesting an extension of up to 7 calendar days, or April 24, 2000, to fully implement all of the named interLATA, one-way ECS routes.

All of the Joint Petitioners sent out customer notices (bill inserts) during the March-April bill cycles, as specified in the Order. Staff and the Joint Petitioners had concerns about the previously distributed bill inserts announcing the implementation dates for these new ECS routes. Staff's concern was the confusion that may result from a short delay in the collective implementation of the routes. If the Commission approves the extension of the April 17, 2000 deadline, the Joint Petitioners should prepare their respective call centers to address any customer inquiries. Staff has already advised the Commission's own call center of the pending petition for an extension. ALLTEL and GTEFL reported a very small number of calls regarding the missed implementation date. Staff is satisfied that ALLTEL and GTE have adequately addressed these only known inquiries, to date. Staff learned that only one ALLTEL inquiry was processed through our own call center prior to the filing of this recommendation. As of this filing date, ALLTEL, in fact, is contemplating a second bill insert for the affected customers to diminish any confusion.



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Staff speculates that any stimulation (call volume) that may occur on the routes will be gradual, if at all, rather than immediate. While we acknowledge that upon implementation, this Order will provide long-overdue toll relief along the 23 routes, we believe that the stimulation may occur in each given area in a gradual manner, perhaps upon the printing of new telephone directories, or upon other published means, or even by word of mouth. Furthermore, current offerings from IXC's may offer a more favorable alternative for some of the affected subscribers. However, upon implementation, the toll relief sought in the collective dockets will have been achieved, and the affected subscribers will have the ECS option available to them.

Based on the foregoing, staff believes that a short extension of time to implement the one-way, interLATA routes of this Order will not have a substantive impact on the affected subscribers. Therefore, we recommend that the Commission should grant the Joint Petitioner's motion for a limited extension of one week to comply with the requirements of Order No. PSC-99-1616-FOF-TL.

**ISSUE 2:** Should this docket be closed?

**RECOMMENDATION:** Yes. If the Commission approves staff's recommendation in Issue 1, no further matters will remain for the Commission to address, because the routes have already been implemented and the tariffs have been filed. Therefore, this docket should be closed. (B. Keating)

**STAFF ANALYSIS:** Yes. If the Commission approves staff's recommendation in Issue 1, no further matters will remain for the Commission to address, because the routes have already been implemented and the tariffs have been filed. Therefore, this docket should be closed.