



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: JUNE 4, 1998

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

FROM: DIVISION OF COMMUNICATIONS (HAWKINS, ^{AK} SHELPER) ^{AK} 1
DIVISION OF LEGAL SERVICES (B. KEATING) ^{AK} NCB

RE: DOCKET NO. 970990-TL - PROPOSED TARIFF FILING BY GTE FLORIDA INCORPORATED TO TRANSFER A PORTION OF THE SARASOTA EXCHANGE INTO THE BRADENTON EXCHANGE.

AGENDA: JUNE 16, 1998 - REGULAR AGENDA - POST HEARING DECISION - PARTICIPATION IS LIMITED TO COMMISSIONERS AND STAFF

CRITICAL DATES: NONE

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\CMU\WP\970990.RCM

CASE BACKGROUND

On July 10, 1997, GTE Florida Incorporated (GTEFL) submitted a proposed tariff to transfer a portion of the Sarasota exchange (Lakewood Ranch area) into the Bradenton exchange. (Att. A)

On August 20, 1997, GTEFL mailed a Notice of Intent to Ballot the affected customers.

By Order No. PSC-97-1029-FOF-TL, issued August 27, 1997, the Commission denied GTEFL's tariff proposal, and instead, required that the 26 business customers and 29 residential customers located in the Lakewood Ranch area of the Sarasota exchange be surveyed to determine if they are in favor of moving into the Bradenton exchange.

By letter filed September 16, 1997, Dr. William J. McGinty of the Sarasota Equine Associates (SEA) protested the proposed boundary change.

DOCUMENT NUMBER-DATE

06027 JUN-48

FPSC-RECORDS/REPORTING

DOCKET NO. 970990-TL
DATE: JUNE 4, 1998

By Order No. PSC-97-1398-PCO-TL, issued November 6, 1997, the procedural and filing dates for this docket were established.

By Order No. PSC-97-1619-PCO-TL, issued December 30, 1997, the Commission approved the issues to be addressed at the hearing and clarified the procedural dates for this docket.

Customer and technical hearings were held on March 27, 1998, in Sarasota, Florida.

DISCUSSION OF ISSUES

ISSUE 1: Would transferring a portion of the Sarasota exchange to the Bradenton exchange create unreasonable expenses for affected customers?

RECOMMENDATION: Yes. Staff believes that transferring a portion of the Sarasota exchange to the Bradenton exchange would create unreasonable expenses for affected customers. (HAWKINS)

POSITION OF PARTIES:

GTEFL: GTEFL does not believe so, and would caution the Commission against accepting Dr. McGinty's concerns as representative of all or most of the affected subscribers. The only way to definitely determine whether expenses would be too unreasonable for affected customers is to ask them, by the way of a vote, if they favor the proposed transfer. If the vote had not been delayed by the protest, the Commission would already have an answer to this question. In addition, GTEFL has proposed a cross boundary service arrangement where SEA is served out of the Sarasota central office as a viable option.

SEA: Yes, the proposed boundary transfer will create unreasonable expense; both in increased phone expense and loss of revenue.

STAFF ANALYSIS: GTEFL's witness Scobie testified that the proposed boundary transfer is in response to a developer's request to serve his development, Lakewood Ranch, out of one exchange. Witness Scobie states that this development is a master-planned community consisting of residential, recreational and office park sites. (Scobie, TR 9) The witness contends that this proposed development is structured to have the traditional neighborhood design with a quasi-governmental identity as illustrated in the March issue of Florida Trend Magazine. (EXH 1) According to witness Scobie, this project would develop 5,500 acres that overlap parts of both the northeastern part of the Sarasota exchange and the southeastern part of the Bradenton exchange. Witness Scobie contends that the decision to request this transfer was based on engineering, economics and competitive responsiveness. He argues that this proposed transfer is the most cost effective method of serving this area (\$1.5 million) and would eliminate the possibility of having neighbors across the street from one another having different service rates and local calling scopes. (TR 14; EXH 2)

DOCKET NO. 970990-TL
DATE: JUNE 4, 1998

GTEFL also determined that in order to offer enhanced service, such as ISDN, this area would have to be served from Sarasota since the Bradenton exchange does not have a switch capable of offering enhanced services. (TR 14) As a result, GTEFL chose to serve these customers from a remote switch in the Bradenton exchange but for the purpose of rating and billing, the calls are routed to the Sarasota exchange. (TR 23)

GTEFL witness Scobie states that the majority of this area is located in the Bradenton exchange. (TR 9) The witness testifies that approximately 11 square miles is still undeveloped territory. (TR 18) The witness asserts that since this area is remote there is no way to serve these customers from the Bradenton exchange. (TR 20)

Witness Scobie states that as of the first of the year, there were 73 residential customers and 27 business customers who would be affected by the boundary transfer. He further states that if the transfer is approved, residential customers will realize a reduction of \$.45 per month in their basic monthly service charge and business customers will have a reduction of \$1.20 per month in their basic service charge. Witness Scobie also states that with the reduction in rates, there will also be a change in the customers' calling scope. (TR 10)

GTEFL's witness contends that currently, affected customers can call Venice toll-free, but with the transfer this will become a toll call. Customers now have ECS to the Englewood and North Port exchanges but these will also become toll calls. In addition, the customers would gain toll-free calling to the Palmetto exchange instead of ECS. (TR 10)

Witness Scobie testifies that in order to accommodate Dr. McGinty, GTEFL has proposed to provide local remote call forwarding to mitigate the impact of the proposed boundary transfer on Dr. McGinty's veterinary practice. GTEFL contends that the use of the remote call forwarding service would allow Dr. McGinty's clients to continue to reach his practice on the same basis as they do now. For this alternative arrangement, witness Scobie states that Dr. McGinty would pay \$16 per month for the local remote call forwarding access plus a local usage charge of \$.06 for the first minute and \$.02 for each additional minute during the peak period of 7:00 a.m. to 7:00 p.m., Monday through Friday, and \$.03 for the first minute and \$.01 for additional minutes during all other times. (TR 15) Witness Scobie states that GTEFL has proposed to provide this service to Dr. McGinty at no charge until the next

DATE: JUNE 4, 1998

directory publication date for this area, which is scheduled for September 1998. (TR 12)

Witness Scobie agrees that if Dr. McGinty does not subscribe to the remote call forwarding service or local remote call forwarding service, he could lose some of his customers. (TR 30) He further states, based on records that he reviewed at the end of last year, that Dr. McGinty was listed in the Englewood, North Port, Venice and Myakka yellow pages and in the white and yellow pages in the Sarasota/Bradenton directory. (TR 31) Witness Scobie further states that if Dr. McGinty wants to be listed in the Sarasota directory, there would be a charge for the service. (TR 36)

Witness Scobie initially stated that from an engineering perspective there did not appear to be a way to carve out the Polo Club, including Dr. McGinty, from the proposed transfer and serve it from Sarasota. (TR 53) GTEFL did, however, provide as a late filed exhibit a least cost alternative to serve the Polo Club from the Sarasota exchange. GTEFL suggests that one alternative in providing service from the Sarasota exchange to the Polo Club area would be to serve them from the Sarasota Springs central office. A new subscriber line carrier (SLC) is being installed on the extension of Lorraine Road that runs between University Parkway and Fruitville Road. The SLC was scheduled to be installed in April 1998. The total cost of serving this area from the new SLC in Sarasota Springs central office is approximately \$20,000 and consists of installing a crossbox to serve the Polo Club and cabling to get from the SLC to the crossbox. This service could be installed 30 to 60 days after being ordered. (EXH 3)

Witness Scobie states that he foresees no 911 problems for transferring what are mostly Sarasota residents into a predominately Manatee County exchanges. He states that this was discussed with his 911 coordinator and no problems are expected. (TR 39)

According to witness Scobie, GTEFL is currently serving the area running west to east along University Boulevard out of the Sarasota Northside central office. If the boundary change is approved, the 907 NXX will have to remain with the Sarasota exchange, therefore, another number change will be required for these customers. (TR 23)

In response SEA's witness, Dr. McGinty contends that the proposed boundary transfer will create unreasonable expense and loss of revenue to him. Witness McGinty argues that most of the

DATE: JUNE 4, 1998

calls he receives are emergency in nature and are made mostly from payphones at stables or nearby pastures where horses are kept. The witness contends that with the proposed boundary transfer, there is no way to retrieve any lost revenue and by placing SEA in a Bradenton exchange, he has no idea where his listing will be located. He states that many calls to his business are for emergency care of the animals. If these become toll calls, his clients will think that SEA must be farther away and they will call other veterinarians they think are closer. (McGinty, TR 95) To support his position, witness McGinty provided a list of 35 people who signed a petition expressing concern and indicating that they would not be willing to call long distance if they needed emergency veterinary service. The witness states that these people would be more likely to call a local number believing they would obtain a quicker response. He asserts that his business needs these calls from the Venice area and he can not afford to lose them based upon a misconception that because a toll call is necessary to reach his office, he is too far away to respond to emergency situations. (TR 162)

Witness McGinty states in his brief that SEA has been at its present location for longer than Lakewood Ranch has existed. He adds that his practice is an established business in Sarasota and he pays Sarasota taxes and impact fees. He wants to remain a member of the Sarasota business community since there are no horses in the Lakewood Ranch area. He also argues that when he relocated to his present location, he attempted to keep his old phone number, but "that change" caused confusion with his clients. He also contends that the telephone is an integral part of his practice and he can not afford any changes that may make it more difficult for clients to contact his office. (BR, p.3)

The witness continues that his business is a large animal practice and its office is situated in Polo Club, not Lakewood Ranch. He asserts that the majority of his work is out on the roads, traveling from Ft. Myers almost to Tampa, but in general, his practice is in Sarasota and Manatee County. Witness McGinty contends that approximately 1/3 of his clients reside in the Venice area, 1/3 in Sarasota, and 1/3 in Manatee County. He argues that if the transfer is approved, his costs to call his customers in Venice, North Port and Englewood would increase. (TR 101-102)

In addition, witness McGinty asserts that the boundary transfer will change his business' calling scope. (TR 101) He further contends that all of the offers GTEFL has proposed to SEA would increase the cost of SEA's telephone service and that SEA already pays a substantial amount for telephone service. (TR 105)

DOCKET NO. 970990-TL
DATE: JUNE 4, 1998

Thus, witness McGinty argues in his brief that SEA's calling scope will be made smaller and more difficult to reach unless SEA spends more for telephone service. (BR, p.2)

Witness McGinty contends that in addition to the loss of business, the transfer would harm him because of the financial expense necessary to change letterhead, office supplies and yellow page advertising due to the required number change. (TR 10)

Public witness Brad Lindberg, who is Vice President of Operations for TBC, Incorporated, opposes the boundary change. Witness Lindberg states that his company is the second largest supplier to the cable television industry of products to build cable television systems around the world. Witness Lindberg testifies that his company is Sarasota-based and they are planning to build an office in Lakewood Ranch. He opposes the transfer and would like to remain in Lakewood Ranch on the Sarasota side. He states that he would like to maintain his Sarasota address and telephone numbers. (TR 165) Witness Lindberg contends that as a Sarasota business with a Manatee County exchange, customers would not know where to look for his telephone number. He asserts that his Sarasota address is known throughout this country and the world as one of the company's premiere locations. He states that his company pays taxes in Sarasota, operates in Sarasota, and was charged impact fees to build its facility in Sarasota; therefore he should receive Sarasota service. He objects to the boundary change and does not want to be listed as a Manatee company in the phone book. He believes he deserves to be served from Sarasota since he has paid the price for it. (TR 174)

Staff would point out that while GTEFL contends that the boundary transfer was proposed because a developer wanted to serve his new development, Lakewood Ranch, out of one exchange, the developer did not attend or testify at the hearing. GTEFL's witness Scobie was the only witness present to testify in favor of the transfer.

Based upon the evidence and testimony presented, staff believes the boundary change would adversely impact the customers. While the boundary change would reduce monthly rates, it would also change the local calling scope. Staff agrees with witness McGinty's argument that he would face a financial loss because customers would be less likely to call him long distance, and therefore he would lose business because he would be listed in the Bradenton phone book and appear to be too far away to respond to emergency situations.

Staff also acknowledges that witness Lindberg purposely purchased land in Sarasota to build an office for his worldwide business. Therefore, he may lose potential business because his company is not listed as a Sarasota number. Witness Lindberg stated that he was never informed of the proposed boundary change to Bradenton. He should not, at this late date, be informed that he may be moved to the Bradenton exchange.

Staff would note that GTEFL initially testified that there was not an economical way to serve the Polo Club area from an exchange other than Bradenton. However, in GTEFL's late filed exhibit, they did indicate that they could carve it out and serve it from the Sarasota exchange. While this is an option, staff does not believe that any area should be carved out because it is one contiguous area.

While GTEFL initially offered Dr. McGinty an alternative, (local remote call forwarding), staff notes that this is in addition to his present local rate. This also involves a per minute usage rate. Staff agrees with witness McGinty that all of the options GTEFL offered him were costly and he would have to pay more.

Staff agrees that GTEFL should be progressive in offering enhanced services, such as ISDN, to its customers, however, changing an exchange boundary may not be the proper channel. While this option does offer a short term solution, it also creates problems in other areas.¹

Staff would also note that the customers' telephone numbers were changed three months ago because GTEFL ran out of numbers in that NXX; and customers were required to change their telephone numbers to the "907" prefix. If this boundary change is approved, "907" will still remain with the Sarasota exchange, and the customers will experience yet another number change to a Bradenton NXX. (TR 23, 69)

At the Commissioners' request, GTEFL submitted information on the expected growth of the Fruitville Road area. Due to the nature of the land north of Fruitville Road and the use of it as a dirt quarry, GTEFL states that there are no current plans for

¹ Staff notes that five Lakewood Ranch homeowners submitted a signed letter at the hearing opposing the transfer. This letter was placed in the correspondence file. This information is being provided purely for informational purposes and should not be used to support any position. The customers indicate that they want their number changed to the 907 prefix, so they will be served from the Sarasota exchange instead of Bradenton.

development of this property. (EXH 4) Staff would observe that based on the Lakewood Ranch map, it is difficult to determine the growth of the surrounding areas. (EXH 6)

At the Commissioners' direction, staff contacted the Sarasota County Planning Department (SCPD) to get future planning and growth information on the development of areas near University Parkway and Lakewood Ranch. This data is being provided for informational purposes and should not be used to support any position. Based on the information received from the SCPD, the area (Lakewood Ranch) does not appear to be an isolated community as illustrated in EXH 6. In fact, the area around University Parkway is very dense. When looking at the map provided by SCPD (Att. B), Lakewood Ranch is only a piece of a large developed area separated only by I-75. All of this area is currently served out of the Sarasota exchange. Staff believes a boundary change to move a portion of this developed area into the Bradenton exchange would create confusion and possibly give some businesses a disadvantage because of different calling scope. It could also make it difficult to locate businesses that are served out of Bradenton instead of Sarasota, thereby giving Sarasota businesses an economic advantage.

Therefore, staff concludes that Lakewood Ranch is not an isolated community. The boundary change would, in fact, place this area in a different exchange from the area located directly to the west and northwest. Based on the map provided, the only dividing point between these developments is I-75. Staff believes this is a contiguous area in nature and should not be split into different exchanges.

Based on the testimony and evidence presented, staff believes that transferring a portion of the Sarasota exchange into the Bradenton exchange would create unreasonable expense for affected customers and, therefore recommends this boundary transfer request be denied.

DOCKET NO. 970990-TL
DATE: JUNE 4, 1998

ISSUE 2: Should affected customers be balloted in order to determine if they are in favor of the boundary change?

RECOMMENDATION: No. Staff does not believe sufficient evidence was provided to warrant balloting customers for the boundary change.
(HAWKINS)

POSITION OF PARTIES:

GTEFL: Yes. The only way to determine whether the proposed transfer is in the best interest of affected customers is to ask them. The vote should be done as soon as possible.

SEA: No. The area should not be balloted. The area is largely composed of transient people who do not represent the community's interest. It would be indicative of the future development of the area.

STAFF ANALYSIS: Staff would point out that currently the subscribers located above University Parkway are physically located in the Bradenton exchange but are being served from the Sarasota exchange. Even if the Commission determines that the affected customers should not be balloted, GTEFL is still in a situation of serving customers cross-boundary. Because a petition has been filed by Lakewood Ranch customers seeking to be served out of the Sarasota exchange, staff recommends that the cross-boundary issue be resolved in a separate proceeding.

As discussed in Issue 1, GTEFL presented the only testimony in favor of the boundary change. GTEFL contends the boundary change request was at the request of the Lakewood Ranch developer, yet staff would note that the developer did not attend the hearing to support GTEFL's proposal.

Witness McGinty contends that the area south of University Parkway is composed of transient people who do not represent the community. (TR 119) Staff agrees and would add that the area to be balloted expands above and beyond just the Polo Club. It includes customers in Manatee County, as well. Therefore, staff believes the balloting process would not be an accurate reflection of the true community.

It appears that GTEFL is attempting to appease the developer. This is evident since they chose to serve Lakewood Ranch customers cross-boundary out of the Sarasota exchange. Staff believes that

DOCKET NO. 970990-TL
DATE: JUNE 4, 1998

this plan is burdensome, therefore, the customers should not be balloted.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: If Issue 2 is approved, this docket should be closed. If Issue 2 is denied, this docket should remain open pending the outcome of the ballot. (B. KEATING)

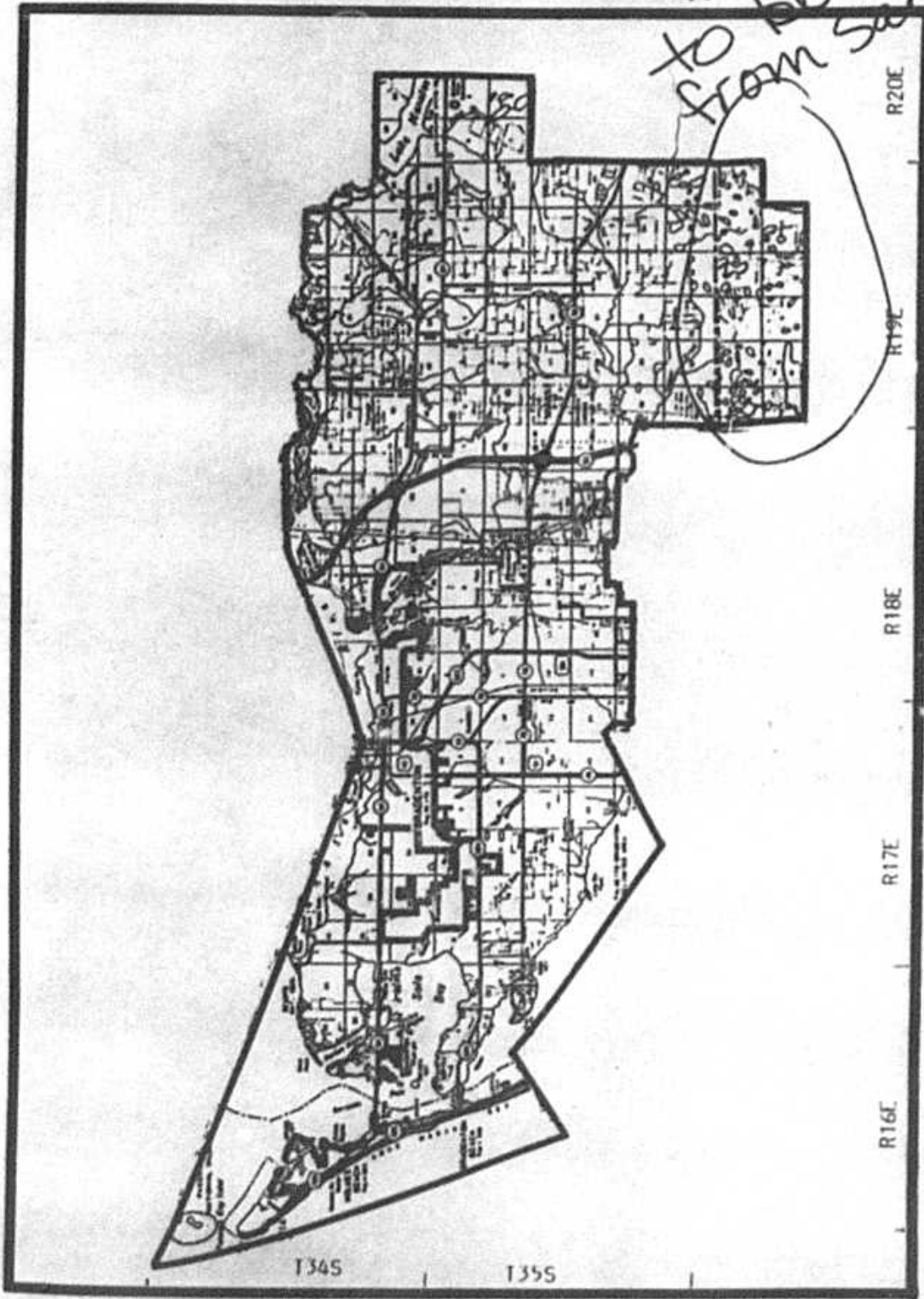
STAFF ANALYSIS: If Issue 2 is approved, this docket should be closed. If Issue 2 is denied, this docket should remain open pending the outcome of the ballot.

A200. LOCAL EXCHANGE SERVICE AREA MAPS AND DESCRIPTIONS

A200.2 Bradenton

.3 Exchange Service Area Map

*Proposed area
to be transferred
from Sarasota*



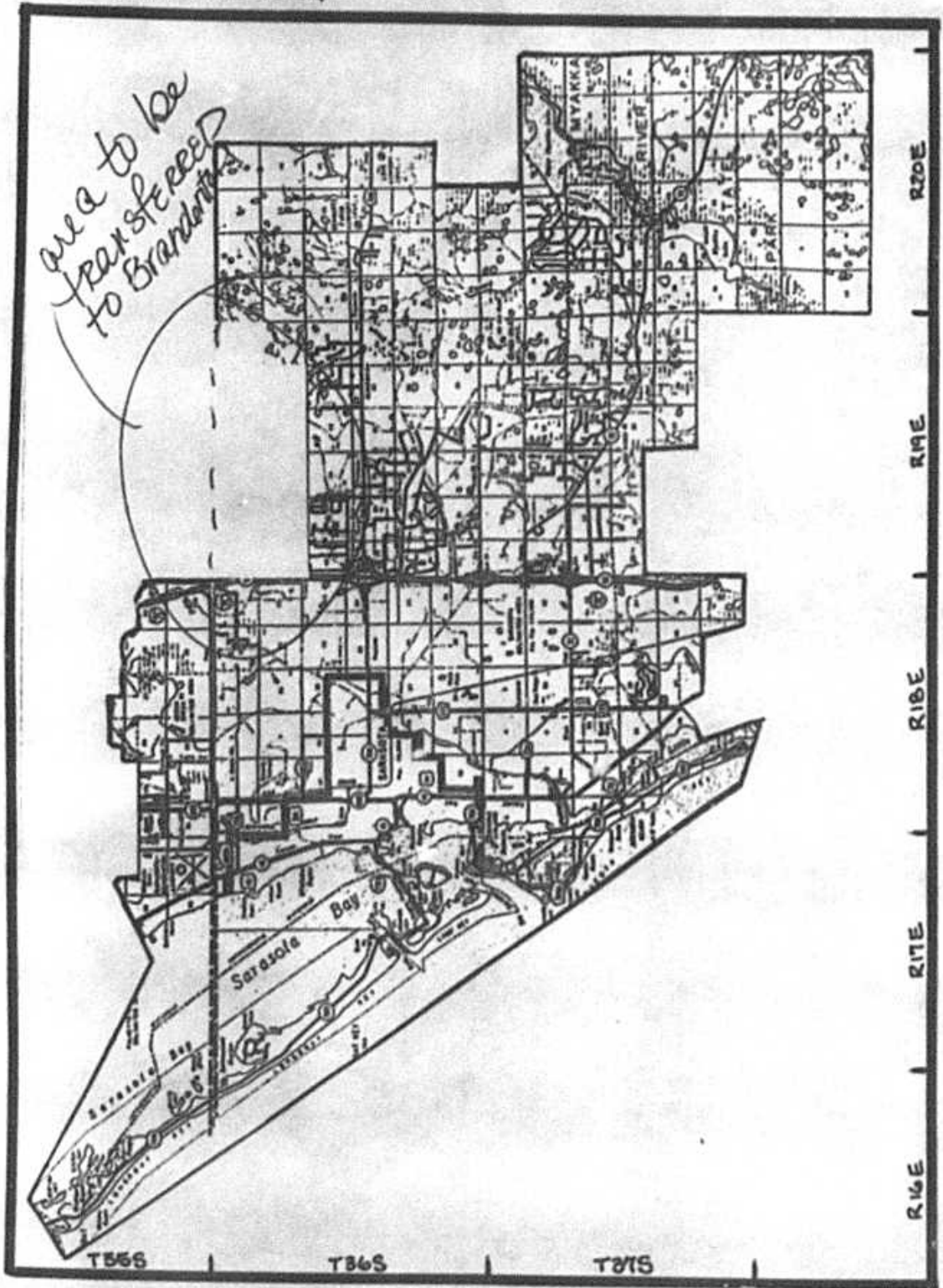
PETER A. DAKS, PRESIDENT
TAMPA, FLORIDA

EFFECTIVE:
ISSUED:

A200. LOCAL EXCHANGE SERVICE AREA MAPS AND DESCRIPTIONS

A200.19 Sarasota

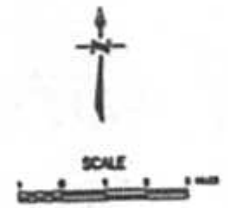
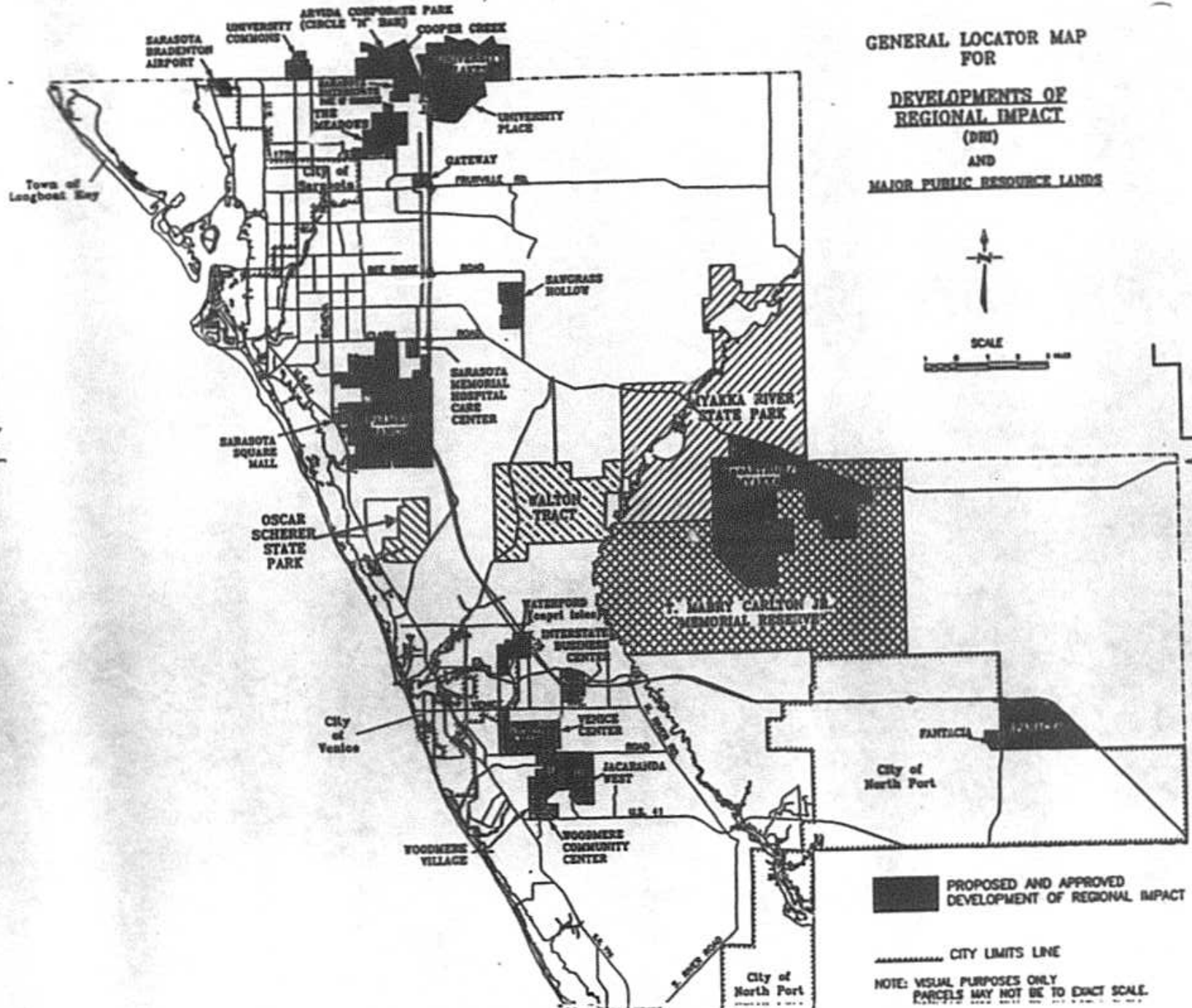
.3 Exchange Service Area Map



Mauake County

GENERAL LOCATOR MAP FOR

DEVELOPMENTS OF REGIONAL IMPACT (DRI)
AND
MAJOR PUBLIC RESOURCE LANDS



PROPOSED AND APPROVED DEVELOPMENT OF REGIONAL IMPACT
 CITY LIMITS LINE
 NOTE: VISUAL PURPOSES ONLY
 PARCELS MAY NOT BE TO EXACT SCALE.

-14-

ATT. B