

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to expand GTE FLORIDA,) DOCKET NO. 891275-TL
 INC.'s Palmetto Exchange Base Rate Area) ORDER NO. 22995
 _____) ISSUED: 5-29-90

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 BETTY EASLEY
 GERALD L. GUNTER

NOTICE OF PROPOSED AGENCY ACTION
AND
ORDER DENYING REQUEST FOR CREDIT
FOR CERTAIN SUBSCRIBERS

BY THE COMMISSION:

Notice is hereby given by the Florida Public Service Commission that the action discussed herein is preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for formal proceeding pursuant to Rule 25-22.029, Florida Administrative Code.

This docket was initiated pursuant to a Petition filed with this Commission by Representative J. J. "Toby" Holland of the 67th District of the Florida House of Representatives. The Petition requested that we realign the base rate area for GTE Florida, Inc.'s (GTEFL's) Palmetto exchange and that a Section 120.57(1), Florida Statutes, hearing be held in the present Palmetto exchange base rate area.

On December 11, 1989, our staff met with a group of subscribers in Palmetto and received petitions signed by approximately 1500 GTEFL subscribers who live outside the Palmetto exchange base rate area. These subscribers also requested that we realign the base rate area for the Palmetto exchange. Accordingly, the subscribers' petitions were incorporated into this docket. Additionally, these subscribers requested that a credit for the last two years of zone charges, or fraction thereof, be given to ratepayers within specific boundaries identified in their petitions.

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Subsequently, by Order No. 22322, issued December 20, 1989, in Dockets Nos. 870171-TL and 890216-TL, we proposed to eliminate all of GTEFL's zone charges as part of an action to implement a substantial permanent rate reduction for GTEFL's subscribers. The proposal to eliminate all zone charges within GTEFL's territory became final and effective January 11, 1990, as reflected in Order No. 22646, issued March 8, 1990. As a result, the Holland Petition has been rendered moot. The only issue remaining in Docket No. 891275-TL is whether certain subscribers located outside the Palmetto exchange base rate area should be granted credits for zone charges previously paid.

In order to evaluate the subscribers' request for credits for zone charges previously paid, we are required to determine if GTEFL incorrectly defined its Palmetto exchange base rate area in its review of 1987, pursuant to Rule 25-4.035(2), Florida Administrative Code. This rule requires that:

At periodic intervals not to exceed three (3) years, each telephone utility shall undertake an examination of the existing base rate area boundary locations in each of its exchanges to evaluate compliance with Rule 25-4.003(2).

Base rate area is defined in Rule 25-4.003(2), Florida Administrative Code, as:

That well-developed and contiguous territory within the exchange service area in which local exchange service, except rural multi-party line service, is furnished at rates common to all subscribers and without extra exchange line mileage or zone charges. A base rate area shall include all well-developed and contiguous territory within the exchange service area whether such territory is within or outside of an incorporated city or town. The term 'well developed' as used in this rule shall be construed to mean all land area suitable for either residential or business usage which is generally developed to a level of fifty percent (50%) or more.

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Palmetto became a separate exchange on July 1, 1962. The base rate area was last revised August 16, 1975, when there were approximately 9,285 access lines in the exchange. While we have been unable to determine how many of those access lines were within the base rate area in 1975, our staff has been able to develop the following data:

<u>YEAR</u>	<u>NUMBER OF LINES</u>	<u>NUMBER IN BRA</u>	<u>% IN BRA</u>
1983	14,232	8,448	59.4
1984	15,366	8,667	56.4
1986	16,918	9,671	57.2
1987	17,360	9,968	57.4
1988	18,509	10,098	54.6
1989	19,481	10,403	53.4

This data shows that between 1984 and 1987, the exchange grew by 1,994 access lines, 1,301 (65%) of which were within the existing base rate area.

The Palmetto exchange covers 306 square miles, with 13.5 square miles located inside the base rate area. The majority of the subscribers requesting zone charge credits live in Piney Point, Shadow Brook, Imperial Lakes, Colony Cove, and Terra Siesta. All these customers paid B zone charges, with the exception of Imperial Lakes, which is in the C zone.

Since the residential areas involved are generally densely populated, despite being outside the base rate area, our staff questioned whether GTEFL had ever considered pocket or island base rate areas in Palmetto. In response, the Company indicated that the Parrish area is zoned B although it is surrounded entirely by the C zone. This occurred because Parrish has been served in the past by its own central office.

Historically, zone charges related to the relative cost to serve remote subscribers. However, with the extension of central office functionality through deployment of subscriber line carrier equipment closer to customers, the industry has been able to concentrate facilities so that the cost to serve remotely grouped customers is less sensitive to their distance from the serving local exchange company central office. In this regard, the loops from subscriber line carrier equipment serving remotely located customers are shorter, in some cases,

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than the loops serving customers within the base rate area running directly from the central office. For this reason, and to upgrade to one-party service, we have phased out zone charges when the opportunity has presented itself. Piney Point and Shadow Brook are served from the main central office. The other subject areas are all served from subscriber line carrier equipment which has been deployed nearby. Except for one concentrator near Imperial Lakes, all the carriers were installed in 1987 or earlier.

Despite the density of some areas outside the base rate area, the base rate area boundary decision is necessarily a subjective one, based on the perceived deployment (more than 50%) of the area involved. Aerial photographs taken in 1989 still show significant areas in the exchange area involved which are not yet developed. GTEFL reported in 1987 that it had performed its base rate area boundary review in accordance with Commission requirements and our staff accepted the Company's report. While we might have drawn the boundaries differently, or established island base rate areas, we cannot find that our rules have been violated or that the Company erred in performing its review. Accordingly, we propose denying the request for credit for zone charges paid in the two years prior to their elimination.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the Petition filed by Representative J. J. Holland to realign the Palmetto exchange base rate area and to hold a hearing on the same is hereby dismissed as moot for the reasons specified in the body of this Order. It is further

ORDERED that the request for credit for zone charges described in the body of this Order, filed by the subscribers identified herein, is hereby denied for the reasons set forth in the body of this Order. It is further

ORDERED that the proposed agency action described herein shall become final and effective on the first working day following the date specified below, if no protest to the proposed agency action is filed within the time frames set forth below.

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By ORDER of the Florida Public Service Commission,
this 29th day of May, 1990.

STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

ABG

by: Kay Flynn
Chief, Bureau of Records

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), 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.

As identified in the body of this Order, our action denying credits to certain subscribers is preliminary in nature and will not become effective or final, except as provided by Rule 25-22.029, Florida Administrative Code. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, as provided by Rule 25-22.029(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a) and (f), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on June 19, 1990. In the absence of such a petition, this Order shall become effective on the date subsequent to the above date as provided by Rule 25-22.029(6), Florida Administrative Code, and as reflected in a subsequent order.

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Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If the relevant portion of this Order becomes final and effective on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer 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 of the effective date 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.

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 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 or sewer 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.