

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing by
GTE Florida Incorporated to
transfer a portion of the
Sarasota exchange into the
Bradenton exchange.

DOCKET NO. 970990-TL
ORDER NO. PSC-98-0923-FOF-TL
ISSUED: July 7, 1998

The following Commissioners participated in the disposition of
this matter:

SUSAN F. CLARK
JOE GARCIA
E. LEON JACOBS, JR.

APPEARANCES:

Kimberly Caswell, Esquire, Post Office Box 110,
FLTC0007, Tampa, Florida 33601.
On behalf of GTE Florida Incorporated.

William McGinty, D.v.M., 8325 Whiskey Pond Lane,
Sarasota, Florida 34240.
On behalf of Sarasota Equine Association.

Beth Keating, Esquire, 2540 Shumard Oak Boulevard,
Tallahassee, Florida 32399-0850.
On behalf of Commission staff.

FINAL ORDER ON TRANSFER OF PORTION OF EXCHANGE

BY THE COMMISSION:

I. BACKGROUND

On July 10, 1997, GTE Florida Incorporated (GTEFL) submitted
to us a proposed tariff to transfer a portion of the Sarasota
exchange that is known as the Lakewood Ranch area into the
Bradenton exchange. By Order No. PSC-97-1029-FOF-TL, issued August

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PSC-RECORDS REPORTING

27, 1997, we denied GTEFL's tariff proposal. Instead, we ordered GTEFL to survey the 26 business customers and 29 residential customers located in the Lakewood Ranch area of the Sarasota exchange to determine if the customers were in favor of moving into the Bradenton exchange. Thereafter, by letter filed September 16, 1997, Dr. William J. McGinty of the Sarasota Equine Associates (SEA) timely protested the proposed boundary change and Order No. PSC-97-1029-FOF-TL. The docket was then scheduled for an administrative hearing.

By Order No. PSC-97-1398-PCO-TL, issued November 6, 1997, the prehearing officer established the procedural and filing dates for this docket. By Order No. PSC-97-1619-PCO-TL, issued December 30, 1997, the prehearing officer approved the issues to be addressed at the hearing and clarified the procedural dates.

We held customer and technical hearings on March 27, 1998, in Sarasota, Florida. Our final determination on the issues is set forth below.

II. THE PROPOSED TRANSFER

SEA

SEA's witness, Dr. McGinty, contended that GTEFL's tariff proposal to transfer the Lakewood Ranch area into the Bradenton exchange will create an unreasonable expense for his business, because he will have to change his office letterhead, his office supplies, and advertising to reflect the number change that will accompany the transfer. The witness also argued that the transfer will entail a revenue loss for SEA. Witness McGinty explained that most of the calls he receives are for emergencies. The witness asserted that he is concerned that if calls to his office become toll calls, his clients will think that SEA is some distance away and they will not call him in emergency situations; rather, they will call other veterinarians that they believe are closer. To support his position, witness McGinty provided a list of 35 people who signed a petition expressing similar concerns and indicating that they would not be willing to call long distance if they needed emergency veterinary service. The witness stated that these people would be more likely to call a local number believing that they

would obtain a quicker response. He asserted that his business relies on customers in the Venice area and it can not afford to lose them based upon a misconception that he is too far away to respond to emergency situations. The witness also contended that there will be no way for SEA to retrieve any lost revenue based upon the misconception that he is too far away.

GTEFL

GTEFL's witness Scobie explained that GTEFL decided to request this transfer, because it would eliminate the possibility that neighbors could have different service rates and local calling scopes. Witness Scobie asserted that GTEFL determined that in order to offer enhanced service, such as ISDN, the area would require service from Sarasota, because the Bradenton exchange does not have a switch capable of offering enhanced services. The witness asserted that, as a result, GTEFL chose to serve these customers from a remote switch in the Bradenton exchange. For the purpose of rating and billing, however, the calls are routed to the Sarasota exchange.

Witness Scobie also testified that the proposed boundary transfer is in response to a developer's request to serve his entire development, Lakewood Ranch, out of the same exchange. Witness Scobie stated that this development is a master-planned community consisting of residential, recreational, and office park sites. According to witness Scobie, this project will encompass 5,500 acres and overlap parts of both the northeastern part of the Sarasota exchange and the southeastern part of the Bradenton exchange. Witness Scobie indicated that most of the area at issue is located in the Bradenton exchange and that approximately 11 square miles is still undeveloped territory. The witness asserted that GTEFL cannot serve these customers from the Bradenton exchange because the area is too remote.

As explained at hearing, the Polo Club is located in the area that GTEFL proposed to transfer. SEA's office is located inside the Polo Club grounds. Initially, witness Scobie asserted that, from an engineering perspective, there did not appear to be a way to carve out the Polo Club, including Dr. McGinty's business, from the proposed transfer and serve it from Sarasota. GTEFL did, however, provide as a late-filed exhibit a "least-cost" alternative

to serve the Polo Club from the Sarasota exchange. GTEFL's witness Scobie suggested that an alternative in providing service from the Sarasota exchange to the Polo Club area might be to serve the area from the Sarasota Springs central office. The witness asserted that a new subscriber line carrier (SLC) is being installed on the extension of Lorraine Road, which runs between University Parkway and Fruitville Road. Witness Scobie asserted that the SLC was scheduled to be installed in April 1998. GTEFL provided us with an exhibit that indicated the total cost to serve this area from the new SLC in the Sarasota Springs central office is approximately \$20,000. GTEFL's exhibit also indicated that in order to do this, it would have to install a crossbox to serve the Polo Club and cable to reach from the SLC to the crossbox. The exhibit demonstrated that this service could be installed in 30 to 60 days.

According to witness Scobie, GTEFL is currently serving the area running west to east along University Boulevard out of the Sarasota Northside central office. The witness stated GTEFL was serving this area by a subscriber line carrier unit, which ran out of capacity a few months ago. The witness asserted that because it was faced with a lack of capacity, GTEFL changed the telephone numbers for the customers in this same area on March 1, 1998. Thus, the witness asserted, if the boundary change were approved, the 907 NXX would have to remain with the Sarasota exchange, and would necessitate another number change for these customers.

Witness Scobie added 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 stated 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 realize a reduction of \$1.20 per month in their basic service charge. Witness Scobie also stated that with the reduction in rates, there will also be a change in the customers' calling scope.

GTEFL's witness Scobie also stated that, currently, affected customers can call Venice toll-free, but if the area is transferred, a call to Venice will become a toll call. The witness explained that customers currently have ECS to the Englewood and North Port exchanges, but that these will also become toll calls if the transfer becomes effective. In addition, witness Scobie

asserted that the customers would gain toll-free calling to the Palmetto exchange, instead of the ECS that they currently have to that exchange.

In addition, witness Scobie testified 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. Witness Scobie contended 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 that they do now. Witness Scobie stated that Dr. McGinty would, however, have to pay \$16 per month for the local remote call forwarding access. The witness stated that Dr. McGinty would also pay 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. Witness Scobie added that GTEFL is willing to provide this service to Dr. McGinty at no charge until the next directory publication date for this area, which is scheduled for September 1998.

Witness Scobie conceded 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. He further asserted that, based on records that he reviewed at the end of last year, Dr. McGinty was listed in the Englewood, North Port, Venice, and Myakka yellow pages, as well as the white and yellow pages in the Sarasota/Bradenton directory. Witness Scobie indicated that if Dr. McGinty wants to be listed in the Sarasota directory, there would be a charge for the service.

Witness Scobie stated that he does not foresee any problems with 911 service if the transfer takes place. He stated that he discussed this issue with his 911 coordinator and has been assured that no problems are expected.

SEA

Witness McGinty noted that if the transfer is approved, SEA will be transferred as part of the Lakewood Ranch development. The witness argued, however, that when he purchased his property, he was not aware of the Lakewood Ranch development. He stated that

SEA has been at its present location for longer than Lakewood Ranch has existed. He argued that SEA pays Sarasota taxes and impact fees. Witness McGinty asserted that he would like to remain a member of the Sarasota business community, because there are no horses in the Lakewood Ranch area.

The witness further asserted that his practice extends from Ft. Myers to near Tampa, but most of his clients are in Sarasota and Manatee County. Witness McGinty contended that approximately 1/3 of his clients reside in the Venice area, 1/3 in Sarasota, and 1/3 in Manatee County. He argued that if the transfer is approved, his costs to call his customers in Venice, North Port and Englewood would increase.

He further contended that all of the alternatives that GTEFL has proposed to SEA would increase the cost of SEA's telephone service. Witness McGinty argued, however, that SEA already pays a substantial amount for telephone service. Thus, witness McGinty argued that SEA's calling scope will be made smaller, and his business will be more difficult to reach unless SEA spends more for telephone service. Witness McGinty further contended that the transfer would further increase his costs because of the financial expense necessary to change the office letterhead, office supplies and yellow page advertising to reflect the required number change.

Public witness

At the hearing, Brad Lindberg, Vice President of Operations for TBC, Incorporated, testified that he also opposes the boundary change. Witness Lindberg stated 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 also testified that his company is Sarasota-based. He stated that he would like to remain in Lakewood Ranch on the Sarasota side and maintain his Sarasota address and telephone numbers. Witness Lindberg contended that if he is placed in a Manatee County exchange, customers would not know where to look for his telephone number because his business is based in Sarasota. He asserted that his Sarasota address is known throughout this country and the world as one of the company's premiere locations. He stated that his company pays taxes in Sarasota, operates in Sarasota, and was charged impact fees to build its facility in Sarasota; thus, he

argued that he should receive Sarasota service. He stated that he objects to the boundary change and does not want to be listed as a Manatee company in the phone book. He asserted that he believes he deserves to be served from Sarasota since he has paid the price for it.

DETERMINATION

Based upon the evidence and arguments presented, we find that the boundary change would adversely affect the customers in the area to be transferred. Although the boundary change would reduce monthly rates, it would also change the local calling scope for the affected customers. Also, we found persuasive witness McGinty's argument that he would face a financial loss because he would appear to be too far away to respond to emergency situations. We also found persuasive witness Lindberg's testimony that he could lose potential business. Furthermore, we do not believe that the local remote call forwarding option offered by GTEFL is an appropriate alternative because it will require witness McGinty to pay more for telephone service.

In addition, we note that although GTEFL contends that the boundary transfer was proposed because a developer wanted his new development, Lakewood Ranch, served out of the same exchange, the developer did not participate in this proceeding. GTEFL's witness Scobie was the only witness present to testify in favor of the transfer.

While we commend GTEFL for its progressive approach in offering enhanced services, such as ISDN, to its customers, we do not believe that offering enhanced services should necessitate a boundary change. We believe that changing the boundary offers only a short term solution. We also found witness Scobie's testimony noteworthy that the customers' telephone numbers were changed just a few months ago, because GTEFL ran out of capacity in the subscriber line carrier unit serving the area. Customers were required to change their telephone numbers to the "907" prefix. If we were to approve this boundary change, "907" would still remain with the Sarasota exchange, and the affected customers would experience yet another number change to a Bradenton NXX.

Although it is difficult to determine the growth in the surrounding areas, based upon the Lakewood Ranch map and information submitted by GTEFL, it does not appear to us that the Lakewood Ranch is an isolated community. In fact, it appears that the boundary change would place this area in a different exchange from the area located directly to the west and northwest. Based on testimony and the exhibits, we believe that this is a contiguous area in nature and should not be split into different exchanges. For this reason, we also do not believe that the Polo Club area should be "carved out" of the transferred area and served out of the Sarasota exchange.

For all of these reasons and upon consideration, we find that transferring a portion of the Sarasota exchange into the Bradenton exchange would create unreasonable expense for affected customers.

III. BALLOT

GTEFL argues that the affected customers should be balloted in order to determine whether the proposed transfer is in the best interest of the customers. Witness McGinty asserts that the area south of University Parkway is composed of transient, temporary residents who do not represent the community. He argues, therefore, that the area should not be balloted because the responses would not accurately reflect the community's interests.

Upon consideration, we agree with witness McGinty. The area to be balloted expands beyond the Polo Club and includes customers in Manatee County. Based upon witness McGinty's testimony regarding this area, it does not appear that the balloting process would accurately reflect the community's interests. We shall not, therefore, require GTEFL to ballot the customers that would be affected by the proposed transfer, because the proposed transfer would be unreasonably expensive for the affected customers and the ballot responses would not accurately reflect the affected community's interests.

ORDER NO. PSC-98-0923-FOF-TL
DOCKET NO. 970990-TL
PAGE 9

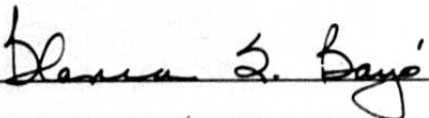
Based on the foregoing, it is therefore

ORDERED by the Florida Public Service Commission that GTE Florida Incorporated shall not ballot the customers that would be affected by the proposed transfer of portions of the Sarasota exchange into the Bradenton exchange. It is further

ORDERED that we, hereby, deny GTE Florida Incorporated's proposed tariff to transfer the portion of the Sarasota exchange, which is known as the Lakewood Ranch area, into the Bradenton exchange. It is further

ORDERED that this Docket is closed.

By ORDER of the Florida Public Service Commission this 7th day of July, 1998.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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ORDER NO. PSC-98-0923-FOF-TL
DOCKET NO. 970990-TL
PAGE 10

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.