

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval of realignment of Port St. Joe and Beaches Exchange boundaries, by GTC, Inc. d/b/a FairPoint Communications. | DOCKET NO. 070603-TL
| ORDER NO. PSC-08-0177-PAA-TL
| ISSUED: March 24, 2008

The following Commissioners participated in the disposition of this matter:

MATTHEW M. CARTER II, Chairman
LISA POLAK EDGAR
KATRINA J. McMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING PETITION FOR REALIGNMENT OF
EXCHANGE BOUNDARIES

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 a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

I. Case Background

On September 18, 2007, GTC, Inc. d/b/a FairPoint Communications (FairPoint or the Company) filed a petition to approve the realignment of the exchange boundary between the Port St. Joe and The Beaches exchanges. (Petition). The realignment request would expand the geographic boundary of the Port St. Joe exchange and correspondingly reduce that of The Beaches exchange.¹ Twenty (20) local exchange customers would be impacted by the proposed realignment. Although there would be no impact on local service rates, these customers would be subject to telephone number and calling scope² changes. FairPoint has proposed a 1-year transition period to implement the necessary changes, pending our approval.

Our staff and FairPoint jointly developed a Customer Notice letter that was sent (via certified mail with a return receipt) on December 20, 2007. (Attachment A) The letter summarized FairPoint's proposal and its ramifications, including the prospects of number and

¹ The specific parcel at issue is included in the Master Development Plan of WindMark Beach, a substantial development project by the St. Joe Company. Maps and related information were attached to the Petition.

² The term "calling scope" describes the calling routes that are available for a particular exchange. Port St Joe and The Beaches exchanges have extended area service (EAS) between them, which means there is no cost for the subscribers in either exchange to call the other. However, the routes that will be impacted by FairPoint's Petition are Extended Calling Service (ECS) routes, in which per-call charges apply.

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calling scope changes. It also included contact information that would give these customers an opportunity to provide comments to this Commission.

On January 17, 2008, FairPoint filed an Affidavit of Mailing Customer Notice (Affidavit) that identifies all addressees. It has been verified that all such letters were delivered. We are vested with jurisdiction over this matter pursuant to Section 364.01, Florida Statutes.

II. Analysis

FairPoint seeks our approval to realign the current geographic boundary between the Port St. Joe and The Beaches exchange areas. The proposed boundary realignment would expand the Port St. Joe exchange and reduce the geographic size of The Beaches exchange. FairPoint claims that the proposed realignment will allow it to serve all City of Port St. Joe local exchange customers from a single exchange, including those in a large-scale planned community, the WindMark Beach development.

FairPoint's Petition

The boundary realignment will expand the Port St. Joe exchange so that it includes: (1) a recent annexation and expansion of the municipal limits of the City of Port St. Joe; and (2) WindMark Beach development property that is currently adjacent to, but outside of the above-referenced municipal boundary. FairPoint states that the 20 impacted subscribers are in a very small portion of the total parcel of land, and that otherwise the parcel is "substantially undeveloped."³

In its petition, FairPoint commits to providing customer notice of its proposed action by direct mail and by publishing the information in a newspaper of general circulation in the Port St. Joe area. With the input of our staff, the Company developed the Customer Notice letter that was mailed on December 20, 2007. This letter summarized the specific ramifications of the Company's proposed action, and provided contact information for this Commission so that impacted customers could monitor our consideration of this matter, or provide comments regarding FairPoint's petition. On January 17, 2008, FairPoint filed an Affidavit of Mailing Customer Notice that confirms the delivery of this letter to each impacted customer.

Customer Impacts

There are two primary impacts for the 20 customers, a number change and a modified calling scope. Upon our approval of this petition, these customers would be issued a Port St. Joe exchange telephone number and would forfeit their present number from The Beaches exchange. They would also be subject to the calling scope and local exchange rates for the Port St. Joe exchange.

³ The Company states that the portion that remains undeveloped is in excess of 98%, and WindMark's developer is projecting that 1,500 to 1,700 potential customers will reside in that community over the next 10-20 years. The developer was contacted regarding FairPoint's Petition, and there was no objection to it.

The Number Change

FairPoint states that 20 subscribers served by it from The Beaches⁴ exchange would be transitioned to a new number from the Port St. Joe exchange. However, the Company is proposing a plan to ease this transition. Where the numbers are available, the Company has reserved from the Port St. Joe prefixes the last 4 digits that correspond with those in use by these customers in The Beaches exchange. For example, if an impacted subscriber from The Beaches exchange has the phone number 647-9999, FairPoint states that it is holding the “9999” number from the Port St. Joe prefixes, if available, for the transitioning customer. Therefore, this hypothetical subscriber will transition from 647-9999 to either 227-9999 or 229-9999. FairPoint states that 8 (out of the 20) subscribers would get the same 4-digit assignment from the pool of Port St. Joe prefixes, and the remaining 12 would get a random 4-digit assignment from that pool.

FairPoint is proposing a transition period of about 15 months. FairPoint states that implementing the network changes will take three months and the “official” 1-year transition period begins thereafter. In addition, the Company proposes a call-forwarding arrangement for 1-year so callers that may unwittingly dial the “old” number will reach their intended party.

The Calling Scope Change

There is no change in the local exchange rates, although the impacted subscribers will lose their extended calling service (ECS) plan (\$0.25 per call) to unincorporated Bay County.⁵ FairPoint analyzed the frequency of ECS calling from these subscribers to the exchanges that would be impacted by the proposed realignment and found that only 8 such calls were made in a 3-month period, and that those calls were made by only 4 (of the 20) customers. Furthermore, only one customer had more than one ECS call on more than one monthly bill. Because FairPoint estimates that 12 to 15 of the 20 premises are rental properties, it studied the ECS traffic in the “peak” of rental season (from July-September, 2007). As such, FairPoint believes the results of its study indicate that its proposed calling scope change will not significantly impact the affected customers.

Customer Benefits

In addition to its claim that the proposed realignment will allow FairPoint to serve all City of Port St. Joe local exchange customers from a single exchange, the Company states it will gain some operational efficiencies. If approved, FairPoint states that its engineering maps and general record keeping will be enhanced. FairPoint also contends the boundary realignment will enable it to provide better service to its current and future customers, specifically in the area of cable maintenance.

⁴ At this time, FairPoint customers from this exchange have telephone numbers that begin with the 647 or 648 prefix codes, and FairPoint customers of the Port St. Joe exchange have numbers that begin with the 227 or 229 prefix.

⁵ The Customer Notice letter included the 3-digit prefix codes for the applicable exchanges.

FairPoint states that customers are currently served from cable facilities that follow the right-of-way of a partially abandoned state highway. As such, the access to that right-of-way is limited, which could impact its maintenance activities for these customers as subscribers of The Beaches exchange. However, upon our approval of the petition, the Company asserts that it will reconfigure the serving facilities away from the “old” highway onto new facilities that are easily accessible from the right-of-way of the “new” highway. FairPoint claims that move would enable it to contemporaneously offer these customers “fiber to the home” facilities that originate from the Port St. Joe central office.

III. Decision

When the FairPoint petition was filed, there was concern that if it was approved, the resulting number change and calling scope reduction could be construed as negative impacts for these subscribers, especially since there is no proposed reduction in rates. However, upon further review, we find that the Company has developed a customer-friendly strategy to ease the transition to a new number. This strategy was summarized in a clear, concise, and informative letter to its impacted customers. FairPoint provided the delivery-confirmation receipts, and all were timely received.⁶ The letter effectively provided an “invitation to participate” in our consideration of this matter, and no customers chose to do so. No phone calls, e-mails, or others forms of communication have been received by these customers (pro or con).

The calling scope changes involve ECS routes where a \$.25 per call charge applies. At the present time, subscribers of The Beaches exchange have these arrangements with 15 adjoining exchanges; subscribers of the Port St. Joe exchange have similar arrangements with only 12 adjoining exchanges. Therefore, the impacted subscribers would no longer have ECS to the Lynn Haven, Panama City Beach, and Youngstown/Fountain exchanges.⁷ Based on the data provided by FairPoint, we find that the proposed changes in ECS arrangements will have a minimal effect on the affected subscribers.

FairPoint outlined some operational matters that we believe will benefit these and other subscribers. The most significant of these is the planned upgrade in the cable facilities that serve these residences. In addition to this direct benefit, the impacted subscribers will indirectly benefit from the operational efficiencies the Company will realize.

The proposed boundary realignment will allow FairPoint to serve all City of Port St. Joe local exchange customers from a single exchange, including those in Phase 1 of the WindMark Beach development, which is projected to include some 1,500 to 1,700 potential customers when its build-out is complete. The public’s interest is served by having that entire community of interest served from a single exchange, rather than having the community divided by an exchange boundary. Therefore, we hereby approve FairPoint’s petition to realign the Port St. Joe and The Beaches exchange boundaries.

⁶ One of the addressees received three letters delivered to a single address, three others received more than one letter, and two were delivered to out-of-state addresses. Based on this review, we believe that only 15 property owners are responsible for FairPoint’s 20 accounts.

⁷ The prefix codes for these exchanges are included in FairPoint’s Customer Notice letter.

Our decision in this matter is a Proposed Agency Action (PAA), which provides a final opportunity for an interested person to object. Thus, a person whose substantial interests are affected has 21 days to "protest" our decision. If no person whose substantial interests are affected by this proposed agency action files a protest within 21 days of the issuance of the order, this docket shall be closed upon the issuance of a consummating order. Our staff shall work with Fairpoint to develop and coordinate publication of a newspaper notice to inform customers of the exchange boundary realignment.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that FairPoint's petition to realign the Port St. Joe and The Beaches exchange boundaries is hereby approved. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that in the event this Order becomes final, this docket shall be closed.

By ORDER of the Florida Public Service Commission this 24th day of March, 2008.



ANN COLE
Commission Clerk

(S E A L)

AJT

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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

The action proposed herein is preliminary in nature. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 14, 2008.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

Any objection or protest filed in this/these docket(s) before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

FairPoint
Communications™

www.fairpoint.com

502 Cecil G. Costin Sr. Blvd
Port St. Joe, FL 32457
Phone 800 772 7288

December 20, 2007

XXXXXX
XXXXXX
XXXXXX

Re: Telephone Service 850-XXX-XXXX (Name, Address, and Phone Number are
Redacted for purposes of this Attachment)

Dear: XXXXX,

To prepare for future demands for service and the growth of the area that will eventually comprise the WindMark Beach Development and adjacent St. Joe Beach area, FairPoint has requested permission from the Florida Public Service Commission (FPSC) to change our serving area boundaries for a portion of south Gulf County.

If this request is granted, this would mean that you would be in the Port St. Joe serving area instead of "The Beaches" area, and your telephone number would change from a 647 number to a 227 or 229 number.

In order to give you plenty of time to notify friends, family and business associates of the change, your old number would continue to work for one year along with the new one (i.e., there would be two ways to reach you) after FPSC approval of this request and implementation. Implementation of this request would be approximately 90 days after FPSC approval.

After this one-year period, calls made to some areas¹ in Bay County, including Panama City Beach, Youngstown, Fountain, Lynn Haven and Southport, would be billed as long distance calls. Calls to the Panama City business district and adjoining residential neighborhoods would remain 25 cents for residential calls and 10 cents for the first minute and 6 cents for each additional minute for business calls.

These changes are proposed and cannot be implemented without FPSC approval. If you have any comments or concerns that you would like the FPSC to consider before making a decision, please send them to:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Alternatively, you may send an e-mail to mbarrett@psc.state.fl.us, or call Mr. Michael Barrett at 850-413-6544. All correspondence should be submitted no later than January 22, 2008 and reference Docket No. 070603-TL. If you would like to track the progress of this request, you may do so at www.floridapsc.com. or by calling Mr. Barrett.

Sincerely,
FairPoint Communications

¹Telephone numbers beginning with 230, 233, 234, 235, 236, 238, 265, 271, 277, 303, 334, 403, 441, 563, 571, 588, 589, 636, 722, 732, and 753.