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P R O C E E D I N G S

(Hearing convened at 1:40 p.m.)

(Transcript continues in sequence from

Volume 1.)

COMMISSIONER JOHNSON: We're going to reconvene the hearing and start with the technical portion of our hearing at this point in time. Are there any preliminary matters that we need to attend to?

MS. CANZANO: Yes. During the prehearing conference, the parties agreed to stipulate into the record the prefilled direct testimony of BellSouth's witness, Joseph Stanley.

COMMISSIONER JOHNSON: Okay. Were there any exhibits attached to his prefilled testimony?

MS. WHITE: No, there weren't.

COMMISSIONER JOHNSON: The prefilled testimony consisting of six pages then?

MS. WHITE: Yes.

1 BellSouth Telecommunications, Inc.
2 Testimony of Joseph A. Stanley, Jr.
3 Before the Florida Public Service Commission
4 Docket No. 930173-TL
5 March 11, 1996

6
7
8 Q. Please state your name and business address.

9
10 A. I am Joseph A. Stanley, Jr. My business address is
11 3535 Colonnade Parkway, Birmingham, Alabama 35243.

12
13 Q. By whom are you employed?

14
15 A. I am employed by BellSouth Telecommunications, Inc.
16 as a Director in the Consumer Services Organization.

17
18 Q. Please give a brief description of your background
19 and experience.

20
21 A. I graduated from Auburn University with a Bachelor of
22 Science degree in Industrial Engineering and from the
23 University of Alabama in Birmingham with a Masters in
24 Business Administration. I have 27 years experience
25 in the telephone industry and am currently

1 responsible for developing tariffs and pricing for
2 local exchange and toll residential services in the
3 nine BellSouth states.

4

5 Q. Have you previously testified before this Commission?

6

7 A. Yes, I testified during the hearing on BellSouth's
8 Extended Calling Service (ECS) filing last year.

9

10 Q. What is the purpose of your testimony?

11

12 A. The purpose of my testimony is to address the issues
13 identified in Docket No. 930173-TL. These issues
14 include whether a sufficient community of interest
15 exists between Haines City and Orlando to justify a
16 plan that would provide toll relief and what the
17 revenue impact would be on BellSouth.

18

19 Q. Which routes associated with this Docket involve
20 BellSouth exchanges?

21

22 A. The only route involved is Haines City to Orlando.
23 Orlando is a BellSouth exchange.

24

25 Q. Did BellSouth conduct traffic studies on this route?

- 1
- 2 A. No. BellSouth did not conduct traffic studies on the
3 route from Orlando to Haines City. This is an
4 interLATA route; Orlando is in the Orlando LATA and
5 Haines City is in the Gainesville LATA. Data is not
6 available to BellSouth on interLATA routes. The
7 Commission has recognized this in other Dockets and
8 relieved BellSouth of the requirement to file traffic
9 data on the interLATA route in those Dockets (Docket
10 No. 941281-TL).
- 11
- 12
- 13 Q. Does BellSouth have a position as to whether
14 sufficient community of interest exists between
15 Orlando and Haines City to justify non-optional flat
16 rate Extended Area Service (EAS)?
- 17
- 18
- 19 A. No. In the absence of traffic data, we do not have
20 any evidence to know whether a sufficient community
21 of interest exists. We are not aware of any other
22 significant community of interest consideration that
23 would justify flat rate EAS.
- 24
- 25 Q. Does BellSouth think that an alternative plan, such

1 as Extended Calling Service (ECS), should be
2 recommended as a method to provide toll relief?

3

4 A. No. Because this is an interLATA route, BellSouth
5 would be required to obtain waivers in order to
6 provide service between Orlando and Haines City. In
7 the past, the only such waivers that we have been
8 successful in obtaining are for non-optional flat
9 rate EAS.

10

11

12 If EAS is not approved, and the Commission wishes to
13 consider an ECS alternative, then the issues would
14 seem to be the same as for the routes considered in
15 the Commission Staff's workshop on January 23, 1996
16 where a modified ECS (MECS) plan was presented. The
17 MECS plan includes a per message rate for residence
18 and per minute rate for business (as described in
19 BellSouth's existing ECS tariff), and also includes a
20 10% additive in the access line rate of the
21 petitioning exchange. The petitioning exchange would
22 also be required to be balloted, with the results of
23 the ballot determining whether a waiver would be
24 requested. The Haines City to Orlando route was not
25 included in the routes that were discussed during the

1 workshop by the Commission Staff.

2

3 Q. If non-optional flat rate EAS or an alternative plan,
4 such as modified ECS, was ordered, what would be the
5 revenue effect to BellSouth?

6

7 A. Without supporting data, we are unable to determine
8 our access revenue loss. BellSouth would incur
9 additional cost associated with either leasing or
10 constructing facilities in order to complete calls
11 between Orlando and Haines City, since today we are
12 prohibited from transporting those calls. We can not
13 estimate this cost since we do not know the traffic
14 volumes.

15

16 Q. What effect will the passage of the Federal
17 legislation have on BellSouth's ability to provide a
18 "calling plan" between Orlando and Haines City?

19

20 A. At this time it is unknown what effect the new
21 legislation will have. We do feel that it will be
22 some time before BellSouth will be allowed to compete
23 in the interLATA long distance market, and then only
24 under the guidelines that will be set forth by the
25 FCC.

1

2 Q. Please summarize your testimony.

3

4 A. BellSouth does not support non-optional flat rate EAS
5 between Orlando and Haines City. Rule 25-4.060(3) is
6 clear on the traffic and distribution of call
7 requirements. In the absence of traffic and
8 distribution data, we have no way of knowing that
9 these requirements have been met. If the Commission
10 still feels that some toll relief is justified, then
11 we recommend that an alternative plan such as ECS be
12 considered.

13

14 Q. Does this conclude your testimony?

15

16 A. Yes.

17

18

19

20

21

22

23

24

25

1 MR. WAHLEN: And I have one preliminary
2 matter.

3 There are two sets of traffic studies, one
4 prepared by United Telephone Company another prepared
5 by Vista United. The United Telephone traffic studies
6 are confidential and have been processed by Staff for
7 the Commission's review today. The Vista United
8 traffic study is not confidential and is also here.

9 Since we are handling stipulations, we've
10 talked with Mr. Hilkin, and he does not object to
11 those exhibits be identified and marked and inserted
12 into the record at this time by stipulation, that way
13 we don't have to handle that during the testimony
14 portion of the hearing.

15 COMMISSIONER JOHNSON: Okay.

16 MR. WAHLEN: I'd like to request that
17 United's traffic studies be identified as Exhibit
18 No. 1, and Vista's traffic study be identified as
19 Exhibit No. 2, and move both of those into the record
20 at this time.

21 COMMISSIONER JOHNSON: United traffic study
22 will be identified as Exhibit 1, Confidential Exhibit
23 No. 1. And Vista United, you said that also was
24 confidential?

25 MR. WAHLEN: Yes, it is not confidential.

1 COMMISSIONER JOHNSON: It is not
2 confidential. -- will be identified as Vista United
3 traffic study, and it will identified as Exhibit
4 No. 2.

5 MS. CANZANO: Staff has one question
6 regarding United's confidential traffic studies. So
7 I'm understanding, that it's actually two sets of
8 traffic studies?

9 MR. WAHLEN: That's correct. And if you
10 have any questions about the traffic studies,
11 Ms. Harrell is prepared to answer those during her
12 testimony.

13 MS. CANZANO: We just wanted to make sure
14 what was entered into the record.

15 MR. WAHLEN: That's correct.

16 COMMISSIONER JOHNSON: Then for that we'll
17 go ahead and have the confidential United traffic
18 study identified as a composite exhibit.

19 (Exhibit Nos. 1 and 2 marked for
20 identification.)

21 COMMISSIONER JOHNSON: And you stated that
22 no parties object to the admission of those two?

23 MR. WAHLEN: That's correct.

24 COMMISSIONER JOHNSON: Seeing none, show it
25 admitted.

1 (Exhibit Nos. 1 and 2 received in evidence.)

2 MR. WAHLEN: That's both exhibits.

3 COMMISSIONER JOHNSON: Show both admitted.

4 MR. WAHLEN: Thank you.

5 COMMISSIONER JOHNSON: Any other preliminary
6 matters?

7 MS. CANZANO: None that I'm aware of.

8 I have orders of witnesses. To begin with
9 GTE's witness.

10 COMMISSIONER JOHNSON: Dave Robinson.

11 MR. GILLMAN: GTE Florida calls David
12 Robinson.

13 - - - - -

14 **DAVID E. ROBINSON**

15 was called as a witness on behalf of GTE Florida
16 Incorporated and, having been duly sworn, testified as
17 follows:

18 **DIRECT EXAMINATION**

19 BY MR. GILLMAN:

20 Q Would you state your full name on the record
21 and by whom are you employed?

22 A David E. Robinson, and I'm employed by GTE
23 Telephone Operations in Irving, Texas.

24 Q And what do you do for GTE?

25 A I'm the product manager for local services

1 which would include local access lines and local
2 calling plans.

3 Q As part of your position with GTE, did
4 you --

5 COMMISSIONER JOHNSON: Excuse me. Were you
6 sworn during the customer testimony portion?

7 WITNESS ROBINSON: Oh, no.

8 COMMISSIONER JOHNSON: I noticed several
9 witnesses stood, but did you stand? Were you sworn?

10 WITNESS ROBINSON: No.

11 COMMISSIONER JOHNSON: Let me go ahead and
12 swear you in and any other witnesses.

13 (Witnesses collectively sworn.)

14 Q (By Mr. Gillman) Mr. Robinson, were you
15 involved in the preparation of the direct testimony of
16 David E. Robinson which was filed in this docket on
17 March 11, 1996?

18 A Yes, I was.

19 Q And do you have a copy of that direct
20 testimony in front of you?

21 A Yes, I do.

22 Q Was this direct testimony prepared by you or
23 by someone under your supervision?

24 A Yes, it was.

25 Q And do you have any changes, modifications

1 or additions that you would like to make to this
2 prefiled testimony at this time?

3 A No.

4 Q If I asked you the same questions which
5 appear in the direct testimony filed on March 11,
6 1996, would your answers here today under oath be the
7 same?

8 A Yes, they would.

9 Q Were there some exhibits attached to your
10 testimony?

11 A Yes, there were three.

12 Q There were three exhibits.

13 MR. GILLMAN: And Commissioner Johnson, I
14 would ask that these exhibits be marked as Composite
15 Exhibit No. 3.

16 COMMISSIONER JOHNSON: They will be marked
17 as DER Composite Exhibit Identified No. 3.

18 MR. GILLMAN: And I would also ask that the
19 direct prefiled testimony of David E. Robinson filed
20 on March 11, 1996, be inserted into the record as
21 though read.

22 (Composite Exhibit No. 3 marked for
23 identification.)

24

25

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is David E. Robinson. My business address is
3 GTE Telephone Operations, 600 Hidden Ridge Drive,
4 Irving, Texas 75038.

5

6 Q. WHAT IS YOUR POSITION WITH GTE TELEPHONE OPERATIONS
7 AND YOUR RELATIONSHIP WITH GTE FLORIDA INCORPORATED
8 (GTEFL)?

9 A. I am the Product Manager-Local Services for GTE
10 Telephone Operations. It is my job to manage the life
11 cycles of and maximize revenue from all basic local
12 access line switched services, including expanded
13 local calling plans, for GTE operating companies in
14 six southeastern states, including Florida. The
15 Product Management function has been centralized in
16 Irving, Texas for all of the GTE Telephone Operating
17 Companies (GTOCS).

18

19 Q. WOULD YOU PLEASE SUMMARIZE YOUR EDUCATIONAL AND
20 PROFESSIONAL EXPERIENCE?

21 A. Yes. I hold a Bachelor of Science degree in Business
22 Administration-Finance from California State
23 University and a Master of Business Administration
24 degree from Saint Mary's College of California. My
25 telephony experience began with CONTEL Corporation, a

1 GTE predecessor company, in its California subsidiary.
2 I held various positions with CONTEL in the areas of
3 Operations, Rates, Tariffs, Regulatory and Industry
4 Affairs. I completed staff assignments in both the
5 Western and Eastern Regions of CONTEL Service
6 Corporation including two and one-half years at the
7 CONTEL Eastern regional offices in Dulles, Virginia.
8 I left the regulated telephone industry for 5 and one-
9 half years and worked as a personal financial
10 consultant in the financial services industry, an area
11 financial manager for an oil services firm and a
12 Director of Business Development for a
13 telecommunications consulting firm. I rejoined CONTEL
14 in 1985, and was assigned to represent CONTEL as an
15 "on loan" employee to the National Exchange Carrier
16 Association, Inc. (NECA) - Pacific Region, in Concord,
17 California as Manager of Operations and Industry
18 Relations. As a result of the CONTEL/GTE merger in
19 1991, I was called back from my NECA assignment by GTE
20 and assumed my present responsibilities with GTE
21 Telephone Operations in August of 1991.

22

23 Q. HAVE YOU EVER TESTIFIED BEFORE THIS COMMISSION OR ANY
24 OTHER REGULATORY AGENCIES?

25 A. Yes, I testified before the Florida Public Service

1 Commission as a rate and tariff design expert for CONTEL
2 Corporation when CONTEL still had Florida properties. In
3 addition, I have testified as an expert witness for CONTEL
4 and GTE telephone companies before state regulatory
5 commissions in Maine, New Hampshire, New Mexico,
6 Pennsylvania, South Carolina, Vermont, Virginia and West
7 Virginia in the areas of service cost, rate and tariff
8 design and product and service management.

9

10 Q WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS
11 PROCEEDING?

12 A. My testimony addresses the customers' petition from
13 the Haines City exchange, Polo Park area, for expanded
14 interLATA EAS. The petition requests EAS to an
15 additional ten exchanges. I will provide GTEFL's
16 position on each issue set forth in the Commission's
17 procedural order number PSC-96-0242-PCO-TL and more
18 generally present GTEFL's thoughts on the appropriate
19 resolution of this docket.

20

21 Q. COULD YOU PLEASE LIST THE SIX STAFF ISSUES IN ORDER
22 AND RESPOND AFTER EACH?

23 A. Yes.

24

25 Q. ISSUE 1: IS THERE A SUFFICIENT COMMUNITY OF INTEREST

1 ON THE ROUTES LISTED IN TABLE A, DER-1, TO JUSTIFY
2 SURVEYING FOR NONOPTIONAL EXTENDED AREA SERVICE AS
3 CURRENTLY DEFINED IN THE COMMISSION RULES, OR
4 IMPLEMENTING AN ALTERNATIVE INTERLATA TOLL PLAN?

5 A. Under the Commission's Rules, community of interest
6 for extended area service (EAS) is to be determined
7 through calling usage studies which calculate toll
8 calling frequency and patterns between exchanges
9 involved in an EAS request. The Rules prescribe the
10 threshold showing necessary to pursue such a request.

11

12 In this case, however, toll calling statistics are
13 unavailable. The requested routes have been
14 considered interLATA (or long-distance toll) in
15 nature. They have thus been served by interexchange
16 carriers (IXCs), rather than GTEFL. In the past,
17 GTEFL was able to compile reasonably complete
18 interLATA toll statistics because it performed rating
19 and recording of calls for AT&T. However, AT&T took
20 back these functions some time ago, such that GTEFL no
21 longer has access to these toll data. As such, in
22 March of 1994, the Commission excused GTEFL from
23 filing interLATA traffic data in this docket and
24 recognized that GTEFL is unable to provide traffic
25 data in the format required by the EAS rules. In the

1 absence of toll calling data, it is impossible to draw
2 any conclusions about whether customers should be
3 surveyed for EAS, as defined in the Commission's
4 Rules, or for an alternative interLATA toll plan.

5

6 Q. ISSUE 2: WHAT OTHER COMMUNITY OF INTEREST FACTORS
7 SHOULD BE CONSIDERED IN DETERMINING IF EITHER AN
8 OPTIONAL OR NONOPTIONAL TOLL ALTERNATIVE SHOULD BE
9 IMPLEMENTED ON THESE ROUTES?

10 A. Under its Rules, the Commission may consider "other
11 community of interest factors" in assessing an EAS
12 request only after determining that the toll traffic
13 on a given route does not meet the Rules' prescribed
14 community of interest qualifications. (See Rule 25-
15 4.060(5).) Likewise, it may consider alternatives to
16 EAS (defined as nonoptional, unlimited, two-way flat-
17 rate calling at an increment to exchange rates) only
18 when the toll traffic patterns would not justify EAS
19 under the Rules. (See Rule 25-4.064.)

20

21 In this case, as noted above, there are no statistics
22 available to discern whether calling on the requested
23 routes meets the criteria for EAS or even assess
24 whether some alternative plan may be justified. I
25 have thus been advised by GTEFL's lawyers that, under

1 the Commission's Rules, the lack of any toll calling
2 statistics in this case may preclude the agency from
3 considering ordering implementation of EAS or even an
4 alternative plan.

5
6 If the Commission finds it has the authority to
7 consider either an optional or nonoptional toll
8 alternative despite the lack of toll calling studies,
9 it will be compelled to base its decision primarily on
10 unquantifiable, societal factors. Such factors which
11 would affect calling rates between exchanges include,
12 for example, the location of school district
13 boundaries, major shopping areas, medical services,
14 large plants or offices, and natural neighborhood
15 boundaries not coincident with exchange boundaries.
16 Again, however, GTEFL believes that Commission Rules
17 contemplate consideration of these ultimately
18 unmeasurable elements only in conjunction with traffic
19 data, not as stand-alone reasons for pursuing an EAS
20 request.

21

22 Q. ISSUE 3: IF A SUFFICIENT COMMUNITY OF INTEREST IS
23 FOUND ON ANY OF THESE ROUTES, WHAT IS THE ECONOMIC
24 IMPACT OF EACH PLAN ON THE COMPANY?

25 a) EAS WITH 25/25 PLAN AND REGROUPING;

1 b) ALTERNATIVE INTERLATA TOLL ALTERNATIVE PLAN; AND
2 c) OTHER (SPECIFY)

3 A. As explained above, GTEFL believes the Commission's
4 legal authority to order an EAS or alternative
5 interLATA plan without traffic data is dubious.
6 Therefore, the responses to options a and b below
7 assume (contrary to GTEFL's view) that the Commission
8 can develop a legally acceptable way of reliably
9 measuring community of interest in the absence of toll
10 traffic statistics. (Option c as discussed below
11 would not raise any legal issues.) Given these
12 hypothetical parameters, the responses would be as
13 follows:

14

15 a) EAS with 25/25 plan and regrouping: The
16 financial impact on the Company would be
17 determined using current regrouping and 25%
18 additive guidelines. This exercise would very
19 roughly indicate that the R1 rate would change
20 from the existing \$10.86 to \$14.76 if all routes
21 were included. This yields approximately
22 \$1,300,000 in new annual revenue. This figure,
23 however, must be reduced by the amount of
24 GTEFL's displaced access revenues and a
25 potentially additional expense charged to GTE

1 for terminating access for each minute of call
2 duration on all EAS calls that GTE terminates to
3 a customer of another local company. GTEFL
4 cannot calculate these displaced revenues and
5 expenses without the kind of IXC data that, as I
6 stated earlier, is now unavailable to it.
7 Therefore, GTEFL cannot reliably estimate the
8 annual net gain or loss of this type of plan at
9 this time.

10 b) Alternative interLATA toll alternative plan.
11 This option contemplates an extended calling
12 service (ECS) plan or modified ECS (measured
13 extended calling (MECS)), rather than EAS. This
14 type of plan would be designed to be revenue
15 neutral to GTEFL. All access revenue loss
16 combined with new access expense would be added
17 and spread in some fashion to all Haines City
18 customers in a combination of per line additives
19 and current message rates for residence
20 customers and per minute usage rates for
21 business. Because, as I discussed above, these
22 calculations would require additional data from
23 the IXCs, GTEFL cannot determine monthly line
24 additive levels.

25

1 c) Other. This alternative would allow a more
2 market-oriented approach to the EAS expansion
3 request. It would not require the consideration
4 of toll traffic statistics, but would be
5 designed using other types of surrogate data to
6 measure the amount of revenue required of an
7 optional local calling plan to make it
8 economically feasible for GTE and the end user
9 customer.

10

11 If the Company believes sufficient demand exists, it
12 could offer an expanded local calling plan (LCP) on a
13 fully optional basis. The great strength of this
14 approach, of course, is that it does not force all
15 customers to pay for expanded local calling they may
16 not need or want. Each Haines City customer could
17 choose the option that best meets his local calling
18 needs and budget. He might simply retain his current
19 service, without any additive or change to the current
20 monthly rate, and continue to pay toll rates when
21 calling other exchanges. Or he could choose from one
22 of four LCP options GTEFL has designed. This array of
23 options would meet the diverse calling needs of all
24 customers, while satisfying the existing state
25 statutory cap on basic local service rates. GTEFL

1 contemplates offering four different types of optional
2 LCPs, as detailed below.

3
4 **BASIC CALLING:** The customer pays a reduced local
5 access line rate and all local calls, including calls
6 to their home exchange (Haines City), as well as those
7 to their current and expanded local calling area, are
8 billed at optional local measured usage rates on a per
9 minute basis. The R1 rate for this option is
10 estimated to be between \$6.75 and \$7.25, while the B1
11 rate would be between \$17.00 and \$18.00.

12
13 **COMMUNITY CALLING:** The customer pays a slightly
14 reduced local access line rate (as compared to the
15 existing local flat rate) and has flat rate calling to
16 his home exchange only. All other local calls within
17 the current and expanded local calling area are billed
18 at local measured usage rates. The R1 rate estimate
19 would be between \$9.50 and \$10.50. B1 customers would
20 not be offered this option.

21
22 **COMMUNITY PLUS:** The customer pays a higher rate for
23 local access in comparison to his current flat rate
24 service. He has flat rate calling to his home
25 exchange and selected nearby exchanges while all other

1 local calls in the expanded local calling area are
2 billed at local measured usage rates. These selected
3 exchanges are generally those to which customers
4 currently enjoy flat-rate EAS. In the Haines City
5 example, the exchanges would be Haines City, Winter
6 Haven and Lake Wales. The R1 rate estimate for this
7 option would be between \$13.25 and \$14.25, while a B1
8 estimate would be between \$32.00 and \$35.00.

9
10 **PREMIUM CALLING:** The customer pays a premium flat rate
11 and may make an unlimited number of calls, without
12 regard to duration, to all exchanges within the
13 current and the expanded local calling area. The R1
14 estimate would be between \$25.00 and \$40.00. This
15 option would not be available to business customers.

16

17 Q. HOW WOULD PRICES FOR LOCAL MEASURED USAGE BE
18 DETERMINED UNDER THE LCP OPTIONS YOU PRESENTED ABOVE?

19 A. Pricing for local measured usage would be determined
20 by the airline distance to the expanded exchange from
21 the home exchange--in this case, Haines City. The
22 rate bands are shown in DER-2.

23

24 Please see DER-3 for further illustration of the
25 practical application of the exchange banding and a

1 sample LCP calling area for Haines City and the
2 requested EAS exchanges.

3

4 Q. ISSUE 4: SHOULD SUBSCRIBERS BE REQUIRED TO PAY AN
5 ADDITIVE AS A PREREQUISITE TO SURVEYING FOR EXTENDED
6 AREA SERVICE OR AN ALTERNATIVE INTERLATA TOLL PLAN?
7 IF SO, HOW MUCH OF A PAYMENT IS REQUIRED AND HOW LONG
8 SHOULD IT LAST?

9 A. If any survey is done, customers should certainly be
10 informed that any mandatory local area expansion (as
11 mentioned in 3 a and b, above) approved by a majority
12 of the customers would require all customers to pay a
13 monthly additive. The amount of the additive would be
14 determined by the revenue loss and expense gain
15 calculation and would vary by exchange. If mandatory
16 expansion is ordered through EAS or a toll
17 alternative, the additive would continue indefinitely.

18

19 As explained, GTEFL's optional LCP recommendation
20 would require no mandatory additives.

21

22 Q. ISSUE 5: IF A SUFFICIENT COMMUNITY OF INTEREST IS
23 FOUND, WHAT ARE THE APPROPRIATE RATES AND CHARGES FOR
24 THE PLAN TO BE IMPLEMENTED ON THESE ROUTES?

25

1 A. For EAS with 25/25 plan and regrouping (a, above), the
2 appropriate rates would be those determined under the
3 existing 25/25 formula. No message charges would be
4 assessed. The rates would only be appropriate provided
5 the formula was applied correctly. GTE could either
6 gain or lose revenue, depending on how costs compared
7 with new revenue generation. In b) above, an additive
8 to the monthly rate would have to be calculated and
9 set. Balloting the market (customer base) and then
10 assessing the levels of acceptance would determine if
11 the rates were appropriate. The additives could only
12 be appropriate if they both covered GTE's costs to
13 offer the expansion and simultaneously the majority of
14 customers agreed to pay the new monthly additive rate
15 levels to be applied to all customers. Message rates
16 for residence and minute rates for business would also
17 apply. GTE would be made whole in this scenario, if
18 the customer accepted all new rate levels.

19
20 For the optional LCPs (c, above), rates and charges
21 would be set to cover costs and to assure customers
22 attractive calling options that best fit their needs.
23 Again, appropriate rate levels could be determined by
24 the level of customer selection of each LCP option.
25

- 1 Q. ISSUE 6: IF EXTENDED AREA SERVICE OR AN ALTERNATIVE
2 INTERLATA TOLL PLAN IS DETERMINED TO BE APPROPRIATE,
3 SHOULD THE CUSTOMERS BE SURVEYED?
- 4 A. If the Commission determines that it has the authority
5 to find an EAS or alternative toll plan appropriate
6 even without benefit of toll traffic data, then yes,
7 customers should definitely be surveyed. Indeed, the
8 survey takes on critical importance in the absence of
9 any calling statistics that might serve as a threshold
10 indicator of potential consumer acceptance of a
11 proposed EAS or alternative interLATA plan. The
12 survey would be the only reliable means of knowing
13 whether customers like a mandatory expansion plan and
14 would be willing to pay a specified amount more per
15 month for it. If the Commission adopts the optional
16 LCP approach, Commission rules would not require a
17 survey. Surveys are essential for obvious fairness
18 reasons when there is a possibility that all customers
19 will be forced to change their service and/or pay
20 additional or different rates. However, because
21 GTEFL's LCPs would be strictly optional, and no
22 customer would be forced to pay more or change his
23 existing service, a mandatory survey is not a useful
24 or meaningful tool for purposes of this docket.
25

- 1 Q. AS BETWEEN THE APPROACHES THE STAFF HAS PRESENTED AND
2 THAT YOU'VE DISCUSSED IN THIS TESTIMONY, WHICH DO YOU
3 BELIEVE IS MOST APPROPRIATE FOR MEETING THE PETITION-
4 ERS' CALLING NEEDS?
- 5 A. GTEFL's LCP with four new service choices is certainly
6 the most appropriate option. As I explained earlier,
7 this approach provides the consumer with a number of
8 attractive calling options designed to meet consumers'
9 differing needs. No one will be forced to pay for
10 service they might not want and if calling patterns
11 change for a customer in the future, they may change
12 to another option or back to the always available flat
13 rate service currently offered today. Again, local
14 rates are not raised or changed in any way, which
15 satisfies the intent of the recent legislation. In
16 addition, GTEFL also feels that such an optional local
17 service plan, giving customers more control of their
18 local calling area and service choices, is consistent
19 with the manner in which services are offered in a
20 competitive marketplace. It is now very clear that
21 mandatory EAS plans requiring regulatory intervention
22 are inconsistent with competitive marketplace demands
23 and requirements, and not in the best interest of all
24 consumers in a given exchange area.
25

1 Q. ARE THESE THE LCP RATES THAT GTEFL WOULD PROPOSE FOR
2 THE HAINES CITY REQUESTED ROUTES?

3 A. No. These are approximate rates. However, GTEFL is
4 in the process of developing Haines City specific
5 rates.

6
7 Q. IN YOUR OPINION, WILL THE GTEFL LCP APPROACH SATISFY
8 THE PETITIONERS' DEMANDS FOR EXPANDED LOCAL CALLING?

9 A. Yes. In most EAS expansion cases, petitioners
10 generally desire a flat rate monthly increase or a
11 \$.25 per call type plan. They are also very concerned
12 that new monthly charges not be overly high and that
13 the financial impact that could befall all subscribers
14 in the local exchange be minimal. Obviously, GTEFL's
15 LCP would obviate these concerns. Both flat and usage
16 rated calling options would be available. In
17 addition, no customer would be forced to pay an
18 additive, as required with a mandatory plan, to their
19 current local service rate for expanded local calling
20 if they did not so choose. I believe that the
21 petitioners would accept GTEFL's LCP proposal once
22 they are made aware of the LCP structure and its
23 expanded local calling flexibility and benefits to all
24 customers, both for those customers that choose a
25 particular LCP option as well as those that elect to

1 retain their current local calling area and rates.

2

3 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

4 A. Yes.

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1 Q Mr. Robinson, could you please summarize
2 your testimony, please?

3 A Yes. My testimony addresses the customers'
4 petition, the Polo Park customers' petition from the
5 Haines City exchange for expanded interLATA EAS. The
6 petition requests EAS to 10 additional exchanges, and
7 I provide GTE Florida's position on each issue set
8 forth in the Commission's procedural order and, more
9 generally present, GTE's position on the appropriate
10 resolution of the docket.

11 The three major points of my testimony are
12 that no community of interest data exists for GTE as
13 most of the public probably also read in the special
14 report from the Commission that we, GTE, no longer
15 have the data for toll calling patterns which would be
16 handled by interexchange carriers. The requested
17 routes are considered interLATA in nature, and they
18 are served by interexchange carriers. In the past we
19 have compiled -- been able to compile data in other
20 matters like this within the LATAs that we serve, but
21 because we can't get the toll statistics, we have not
22 been able to compile that data for this case.

23 So with that in mind, in my testimony I
24 state that it is fairly impossible without the toll
25 data for us to draw conclusion about community of

1 interest using data.

2 The second point though is that it's obvious
3 that a community of interest exists by the very fact
4 that 300 of you showed up, and the petition included
5 several signatures, and so we agree that there
6 certainly is a customer demand and a community of
7 interest that exists in the communities that were
8 mentioned here this morning by the 27 or so public
9 witnesses.

10 What I propose in my testimony is an
11 expanded local calling plan that GTE will bring to
12 this area. It's called an LCP or just local calling
13 plan, and we think it would obviate a lot of the
14 concerns that were mentioned here today. The plan
15 would offer both a flat rate and usage rated portion
16 on each of the options -- excuse me, on the four
17 options combined. And I will get to those options on
18 how that will be handled.

19 No customer in Polo Park or Haines City
20 would be required or forced to pay an additive. It's
21 going to be purely optional. So if you choose to call
22 the exchange that will be included, it is going to be
23 at your option. And only those choosing would pay for
24 that option.

25 I believe that the residents of Polo Park

1 that are here today and ones that didn't show up, once
2 they are made aware of this structure and the
3 flexibility, would certainly want to attempt to have
4 GTE put this into place. I state that there's
5 benefits for all customers including those that don't
6 want the plan. If Haines City customers aren't as
7 inclined as the people up in the northern part of the
8 county here to call those areas over toward Disney,
9 they wouldn't have to and nothing would happen to
10 their rate, and they would go on about their business.

11 A third point is that I get in and explain
12 the options in detail, and I'd like to try to do that
13 here in summary for those who didn't get the chance to
14 read the filed testimony.

15 First off, it's a fully optional plan, and
16 we think that's the strength of the approach is that
17 it is optional. You can always retain your existing
18 service, as I've stated. And it's \$10.86 for the flat
19 rate, and you would continue to call the three areas
20 that you call today for the flat rate.

21 The array of options, I think, would not
22 only satisfy the customers, but it would also meet the
23 statutory three-year cap on basic local service rates
24 that GTE is under because we agreed with the
25 legislation and went along with the -- in the interest

1 of competition in the marketplace in Florida that was
2 put into effect in 1196. And with that agreement our
3 local rates were capped for three years. So the 1086
4 would stay as it is for all those that elected to
5 continue to get the basic local service.

6 The four options of the plan are going to --
7 as I'll explain them they'll kind of build on each
8 other, and I think you'll hopefully understand. If
9 you don't, they'll be questions I'm sure, and it will
10 probably come out in questioning.

11 The first option is going to be basic
12 calling. And I might include that in this plan, the
13 ten exchanges that was in the petition requested by
14 Polo Park are all included in this plan. So it's
15 going to change from the three exchanges that you have
16 today to 13 exchanges in this expanded local calling
17 plan. With that, the first option would be called
18 basic, basic calling. And I have a range of rates
19 included. We haven't done the math to work this out
20 completely, but we think that this will be the range
21 that will come in for this type service.

22 The range of the basic rate would be \$6.75
23 to \$7.25 a month. And for that you would get access
24 to call all 13 of those exchanges at a highly reduced
25 usage rate per minute. There would be no local

1 calling, no flat rate local calling, with that option
2 and that would come in handy for a customer -- there
3 are several examples of the customers that came up
4 today and talked, but it would come in handy for
5 someone who doesn't make many calls to Orlando or some
6 of the exchanges mentioned or Kissimmee. But if they
7 wanted to call there, they don't want to pay the high
8 toll rate so they could pay this reduced usage rate so
9 that would be attractive to them. The business option
10 for that one would be \$17 to \$18, and then they would
11 pay the same low usage rates.

12 Community calling is the second option.
13 Under that option, again the 13 exchanges are
14 available. One of the exchanges, which is Haines
15 City, would be a flat rate. So for somewhere around
16 \$9.50 to \$10.50, you would continue to call your
17 community, the total community of which I noticed that
18 many of you folks out here don't call that way. But
19 you would have that total community including your
20 neighbors around Polo Park to call for a flat rate,
21 and then all 12 remaining exchanges that are included
22 in the extended local calling plan would be included
23 in this and you would pay again, the low usage rate to
24 Orlando, Kissimmee, West Kissimmee, all the exchanges
25 that you've requested in your petition. The business

1 customer would not be offered this particular option.

2 Community plus is the third option. And
3 that option you would pay a slightly higher local
4 access charge. But for that higher charge, you would
5 get the three exchanges that exist today as flat rate
6 calling and then would you get the additional 10
7 exchanges on usage. I think maybe you can see a
8 pattern developing here. It's getting more and more
9 as we go out, and you get more and more flat rate
10 calling.

11 This again could be used for those people
12 whether they be in either Haines City or Polo Park
13 that do make a lot of calling to the three current
14 exchanges that they can call today. That might not be
15 that attractive for a lot people in the Polo Park
16 area, but maybe as you move on south -- or some of
17 your neighbors around south, they might like that
18 plan.

19 They also, though, would continue to be able
20 to call to the northeast exchanges that you folks
21 want, the other 10 exchanges. That rate is going to
22 be around 13.25 to 14.25 a month. And the business
23 customer will have that option, and it will be around
24 32 to 35 a month.

25 The last option is the premium calling

1 option. And it's sounding like there were several
2 people testifying today that could use this option.
3 In this option the customer pays a flat rate, and they
4 get free -- it's not free, I'm sorry. You pay a flat
5 rate, and you can call unlimited amounts of calls to
6 those 13 exchanges and unlimited duration. And for
7 the residential customer it would be anywhere from \$25
8 to \$40 a month. Again, we are working those numbers
9 out. But as I remember, several of the witnesses had
10 \$100 to \$120 to \$125 bills to those areas, and this
11 would be an excellent opportunity to lower your bill
12 by as much as 70% in those cases.

13 I should point out that the usage rates were
14 included in the testimony as well. They also are not
15 cast in concrete yet. They are arranged, but they
16 would arrange anywhere from 1 cent to 9 cents per
17 minute, and then there would be a connection charge of
18 2 cents to 5 cents per minute. I give you that as an
19 example in that a call travelling anywhere from 23 to
20 30 miles under this plan would be approximately 29
21 cents for a four-minute call. And I do remember some
22 of the witnesses saying that those calls were usually
23 a buck-and-a-half or higher. I think one witness
24 found a discount toll plan of some sort that was 16
25 cents per minute, so again, this is going to be quite

1 a bit lower.

2 COMMISSIONER KIESLING: Mr. Robinson -- I'm
3 right here. Would you stick to what's in your
4 prefiled testimony in your summary because it's very
5 difficult to call this a summary when you are
6 addressing issues that are not included in your
7 prefiled.

8 WITNESS ROBINSON: Yes, I will.

9 COMMISSIONER KIESLING: Thank you very much.

10 WITNESS ROBINSON: Okay. In conclusion, the
11 four new service choices in my testimony, I felt was
12 the most appropriate local calling expansion option
13 available.

14 Again, the approach provides the consumer
15 with a number of attractive calling options designed
16 to meet their differing needs, and no customer will be
17 forced to pay for service they might not want. If a
18 calling pattern changes in the future, they can change
19 their option. They'll have available flat rate
20 service in all the options except the first one,
21 basic. And they will continue to be able to get their
22 available flat rate service that they have today if
23 they don't want to be involved in any of this
24 expansion.

25 We think that these options give the

1 customers more control of their local calling area and
2 their service choices, and we think it's consistent
3 with the manner in which services are going to be
4 offered or should be offered in a competitive
5 marketplace.

6 Also, in my prefiled testimony I expressed
7 the opinion that mandatory EAS plans requiring
8 regulatory intervention are inconsistent with the
9 emerging competitive marketplace demands and not in
10 the best interest of all customers in a particular
11 exchange. And finally, we think that our proposal
12 will be more market oriented, it will require no
13 consideration of toll traffic statistics at this time.
14 It will be designed to recover the expenses in cost
15 that GTE's going to incur to implement such a plan.
16 And finally, it will make it economically feasible for
17 both GTE and the end user customers. And that
18 concludes my summary.

19 MR. GILLMAN: Mr. Robinson is available for
20 cross examination.

21 COMMISSIONER JOHNSON: Ms. White.

22 MS. WHITE: No questions.

23 MR. WAHLEN: No questions.

24 COMMISSIONER JOHNSON: Mr. Hilkin.

25 MR. HILKIN: Yes, I'd like to question here.

1 the community plus factor, is that what you are
2 saying?

3 A No. That's a good question, and a lot of
4 customers do get that confused. This is a replacement
5 service so that those four options all stand alone.

6 Q They do stand alone.

7 A You can choose basic. If you don't like the
8 basic options and the things you get, you could choose
9 community. You can choose each of them, and you don't
10 keep adding the prices on. It stands alone for \$7.

11 Q And in all cases the 13 routes would still
12 be included?

13 A That's correct.

14 COMMISSIONER KIESLING: Wait a minute, wait
15 a minute. Are you talking about even under the basic
16 calling plan?

17 MR. HILKIN: Under the community plus plan.

18 COMMISSIONER KIESLING: Okay. You said
19 under all of the options.

20 MR. HILKIN: If I did say that, it wouldn't
21 be under the basic.

22 WITNESS ROBINSON: No, it would. All
23 options will have the capability of dialing on a local
24 basis to those 13 exchanges. In the basic option you
25 would dial those 13 exchanges and pay usage for every

1 call you make.

2 Q (By Mr. Hilkin) It's a usage factor?

3 A Uh-huh. And the usage is what I mentioned
4 earlier which we have from a penny to 9 cents.

5 Q That clarifies it more.

6 COMMISSIONER JOHNSON: Do you have any other
7 questions?

8 MR. HILKIN: No, ma'am.

9 COMMISSIONER GARCIA: Clarify. That's a
10 pretty big spread from a penny to 9 cents. What is
11 that based on?

12 WITNESS ROBINSON: That's based on distance.
13 And in my prefiled I should clarify that the distance
14 bands in the prefiled will be for the local exchange,
15 which is Haines City, is considered one area. So even
16 though it might be 25 miles long and 15 miles wide,
17 the charge there is a penny for any call that you have
18 on basic if you used basic. And then there are bands
19 A, B, C, D, E, and they are mileage bands extending
20 outward toward the exchanges to include the exchanges
21 that have been in the petition.

22 The first one, A, is 1 to 10 miles. The
23 second one is 11 to 16 miles. The third is 17 to 22,
24 23 to 30, and 31 to 40. And so at the 31 to 40 mile
25 band, the rate per minute would be 9 cents.

1 MR. HILKIN: Commissioners, if this goes in
2 the survey, would there be some way to ring these
3 mileage distances so that people can appreciate
4 visually what they would be paying for the mileage
5 that you're talking about?

6 COMMISSIONER GARCIA: Why don't we do this,
7 why don't we ask Mr. Robinson to provide that for us
8 as a late-filed exhibit, if possible, so that we can
9 have that for him?

10 WITNESS ROBINSON: Yeah, okay. Let me see
11 if I can -- what you are looking for is a map, a
12 Florida map, of the general communities. And then
13 putting Haines City, and then you want the rings --

14 MR. HILKIN: The 1 cent rate is so many
15 miles; and the 2 cent, whatever, as you go out to see
16 where that covers these other exchanges.

17 WITNESS ROBINSON: Yes, we can do that.

18 COMMISSIONER GARCIA: Thank you.

19 COMMISSIONER JOHNSON: I'll identify as DEP
20 late-filed exhibit, short title, distance rings, as
21 No. 4.

22 (Late-Filed Exhibit No. 4 identified.)

23 COMMISSIONER JOHNSON: Staff.

24 MS. CANZANO: Staff has a number of
25 questions.

1 Q In your testimony on Page 7, you state or
2 you refer to potential additional expense charged to
3 GTE for terminating access for each minute of call
4 duration on all EAS calls that GTE terminates to a
5 customer of another local company; is that correct?

6 A That's correct.

7 Q What do you mean by this potential
8 additional expense?

9 A I think today that in our industry here in
10 Florida we are going through a lot of negotiations
11 with local exchange carriers and new companies called
12 alternate local exchange carriers, and we are trying
13 to agree on what is going to be the interconnection or
14 the interconnection access charge. So we don't quite
15 know what that's going to be yet. So if this plan is
16 put into effect and we terminate to United or whatever
17 and we don't know what the access charge that they are
18 going to charge us to terminate the call is, we are
19 going to have to include some provision for that
20 charge, so we'll make estimates.

21 Q But, Mr. Robinson, isn't it correct that
22 this docket is being considered under the old version
23 of Chapter 364 Florida Statutes?

24 A Yes. Yes, it is.

25 Q Historically, have you ever been charged for

1 interconnection for EAS for ECS?

2 A With other telephone companies?

3 Q Yes.

4 A I think historically GTE served most of the
5 LATA in the Tampa area including all the way out to
6 here, so we generally didn't interconnect with other
7 companies. But when we did, I think the only one we
8 have interconnected with is United, and we have had
9 EAS agreement which there were charges.

10 Q Would that be a mutual traffic exchange? Do
11 you know the terms of those old agreements with
12 United?

13 A I do not know the terms exactly, but it
14 generally takes the form of a traffic exchange. Or it
15 could take the form of bill and keep saying that your
16 traffic is going to be the same as my traffic; so you
17 keep your traffic, and I'll keep mine. It could take
18 several forms. I don't know the exact form of the one
19 we have in effect.

20 Q So potentially there may not be an
21 additional expense; is that correct?

22 A That is true depending on the agreement with
23 each LEC or ALEC that that could happen, yes.

24 Q In your testimony on Page 7, you also state
25 that if EAS were granted using a 25/25 plan with

1 regrouping, residential customer rates would increase
2 from \$10.86 to \$14.76 if all the routes are included;
3 is that correct?

4 A That's correct.

5 Q Do you have the rates for business customers
6 if EAS were granted?

7 A No, ma'am, I don't.

8 Q Subject to check, would you agree that they
9 would increase from \$27.45 to \$37.38?

10 A I would agree subject to check.

11 Q If the Commission were to determine that EAS
12 were appropriate on all of the routes, do you believe
13 that the routes should be balloted individually, or
14 should they be balloted for all nine routes for one
15 ballot?

16 A I would say that they should be balloted
17 individually.

18 Q And why do you say that?

19 A I think several customers have expressed
20 different calling patterns, and if you lump them all
21 together, you might not meet the customers' needs,
22 etcetera.

23 Q Also in your testimony you discuss an
24 alternative interLATA toll plan. You state that would
25 be revenue neutral to GTE because all access revenue

1 loss combined with new access expense would be added
2 and spread in some fashion to all Haines City
3 customers in a combination of per line additives and
4 current message rates for residence customers and per
5 minute usage rates for business. Is that correct?

6 A That's correct.

7 Q Are you suggesting a rate schedule different
8 from the current ECS rates which rates residential
9 customers at 25 cents regardless of call duration, and
10 business customers at 10 cents for the first minute
11 and 6 cents for each additional minute?

12 A No, I am not. In that answer I was
13 suggesting that the additive would be where the cost
14 would be born such that all line rates might go up \$6
15 or whatever it would take. And the 25 cents and 10
16 and the 6 would stay universal.

17 Q Do you believe local rates would go up?

18 A Yes.

19 Q Why do you believe that?

20 A Because of the cost that would have to be
21 replaced.

22 Q Have costs been considered in the past for
23 ECS?

24 A Costs have been determined. There have been
25 cost studies made, but I believe that the existing ECS

1 rates the 25 cents and 10 and 6 have been ordered for
2 all ECS routes.

3 Q Does that include an additive to local
4 rates?

5 A At times there have been additives to local
6 rates, yes.

7 Q Recently for ECS -- not for EAS -- we are
8 talking about.

9 A Not recently that I can remember. Maybe
10 that would be subject to check from my part.

11 Q Subject to check, would you agree that there
12 never has been an additive for ECS?

13 A There never has --

14 Q To look for local rates, an additive to
15 local rates?

16 A I would agree subject to check.

17 Q In your opinion, what makes these interLATA
18 ECS routes any different from the other ECS routes
19 implemented throughout the state?

20 A By GTE?

21 Q By GTE or BellSouth or any other LEC.

22 A The difference is, is a very -- I think it's
23 a very strong difference, is that in the ones that GTE
24 has done before, the majority, 95% of them, have been
25 routes that are wholly served by GTE. So in effect,

1 GTE was providing the toll as well. So there was
2 no -- we weren't charging ourselves to provide the
3 toll, so to speak. So we were simply moving a toll
4 service and changing it to a local service so that
5 there were no additional -- generally any additional
6 charges except for the stimulation of traffic which
7 might have required some new trunking.

8 In this case because of the boundary, the
9 unseen boundary that the federal government put in for
10 LATA boundaries, GTE has never had any facilities
11 available and has never served those routes. We have
12 no trunking to those routes, etcetera. So there could
13 be some additional expense in capital expense to
14 build -- to serve those routes. I guess the same
15 thing is, we receive access revenue on these routes
16 from the interexchange carriers that carry the toll.
17 That access revenue would be discontinued if we turned
18 them into local routes. And it would become an access
19 expense potentially if we can't reach agreement on
20 either bill and keep or some form of interconnection.
21 Those are the major differences.

22 Q Isn't it true that GTE has ECS on certain
23 interLATA routes now that the Commission has ordered
24 GTE to implement ECS?

25 A Yes, with United.

1 Q And isn't it also true that GTE did not file
2 a protest of that Commission decision?

3 A Yes.

4 Q Isn't it true that you have the same problem
5 with loss access revenues in those particular routes?

6 A Yes, but I should point out that those
7 routes -- I mean, things are changing, as you well
8 know. It's a different situation than in the past.

9 Q And they are also -- were considered under
10 the former version of Chapter 364, were they not?

11 A Yes.

12 Q And that is just like these routes; is that
13 correct?

14 A That's correct.

15 Q Also, in your testimony you discuss other
16 alternatives to EAS or ECS. Specifically, you talk
17 about an expanded local calling plan to LCP on a fully
18 optional basis. You state that it does not force all
19 customers to pay for expanded local calling that they
20 may not need or want; is that correct?

21 A That's correct.

22 Q Under the Commission's ECS plan that the
23 Commission has historically ordered, a customer only
24 pays for a call if he or she makes it. Since ECS is
25 nonoptional, it does not require a customer to

1 subscribe to the service, but it is available to the
2 customer if it choose to do so; is that correct?

3 A That's correct.

4 Q Wouldn't you agree that ECS also meets the
5 same requirements as GTE's LCP plan?

6 A I would agree that from the standpoint that
7 they don't have to -- they have optionality on whether
8 they can subscribe, is a little bit different in the
9 optionality in whether they dial those locations or
10 not, I agree.

11 Q And right now I would like to ask you some
12 questions regarding each of your plans. Under your
13 basic calling plan, is it correct that you state that
14 the R1 rate would be between \$6.75 and \$7.25 while the
15 B1 rate would be between \$17 and \$18?

16 A That's correct.

17 Q And you give a range for both the
18 residential and business rates. But specifically, how
19 did you determine the amount for the monthly rates?

20 A This particular rate you just quoted?

21 Q Yes.

22 A I looked at historic data in other areas
23 where we have rolled this plan out, and I looked at
24 the current existing rates as they existed for Haines
25 City.

1 Q When you say you looked at other areas, are
2 you talking about in other parts of the country?

3 A Yes.

4 Q Which states?

5 A Alabama, South Carolina, Kentucky and North
6 Carolina.

7 Q And what is the subscriber rate in those
8 states, do you know?

9 A It varies. Usually, it's probably no less
10 than 10% of the customer base take the plan, and as
11 high as 50% in some exchange rates take one of the
12 four.

13 Q Why does GTE provide a range and not a
14 specific rate for these plans or this particular plan?

15 A Pardon? I didn't --

16 Q For this particular basic calling plan.

17 A We provided ranges because I have not asked
18 the support group to work up specific numbers for this
19 since this was a hearing process where this might not
20 be the decision. So I didn't want to get support
21 group resources used. I used ranges in case, or
22 instead to give an idea.

23 Q So even if the Commission were to approve
24 one of your plan, on what basis would the Commission
25 decide the numbers? Have you offered any evidence?

1 A I have not offered evidence to the actual
2 rates that would be charged. That evidence would be
3 offered upon a filing for this service or if were
4 agreed to.

5 COMMISSIONER KIESLING: Could I ask a
6 question? I don't want to interrupt you, Ms. Canzano.
7 But if we don't know the rate, what are we supposed to
8 put in the ballot?

9 WITNESS ROBINSON: I have stated in my
10 testimony that I don't believe a ballot is necessary.
11 What's going to happen, this is a fully optional
12 service that's going to serve or fill some of the
13 needs of some of the customers. If they think that
14 this is a product or a service that will fill their
15 needs, they will select it through a letter that we
16 send to our subscriber base. They will select the
17 option they want, return it, and we will put them on
18 to that option. So we don't believe that a ballot
19 letter is necessary.

20 COMMISSIONER KIESLING: Well, can't you do
21 that right now? I mean, couldn't you offer that to
22 the people sitting right here?

23 If you don't think a ballot is necessary,
24 what is standing in your way of offering it with or
25 without the --

1 WITNESS ROBINSON: Just this hearing
2 actually.

3 COMMISSIONER KIESLING: So, wait. I'm
4 trying to learn how is this hearing standing in the
5 way of you implementing a calling plan that you don't
6 need the hearing to implement?

7 WITNESS ROBINSON: No, we need the hearing
8 because this case became -- or came before the
9 Commission under the old rules. And there is a
10 hearing to decide what is the best way to try to solve
11 the problems of the customers. Because it's under the
12 old rules, we have a hearing. I think in the future,
13 Commissioner, that when we get situations like this
14 brought before us, we will have the ability to bring a
15 plan out, file it with you, of course, so that you can
16 have oversight, but that would be left up to us. In
17 this case, because it's the old rules, we are going
18 through the hearing process.

19 COMMISSIONER KIESLING: Well, I'm still
20 trying to understand though. I mean, how is this
21 hearing standing in the way of you making an offering
22 now that we are under a competitive environment of you
23 making an offering to your customers? What does this
24 hearing got to do with your business decision to make
25 that offering?

1 WITNESS ROBINSON: Well, during this hearing
2 and before September the 3rd, you folks, the
3 Commissioners, make a decision, and you made a
4 decision for flat rate EAS, then that would pretty
5 much negate our particular offer. So we, in effect,
6 are waiting basically for the decision, unfortunately,
7 in this case.

8 COMMISSIONER KIESLING: Well, perhaps I'm
9 really confused then. I thought the decision that we
10 were faced with here today was whether to ballot or
11 not, whether there was a sufficient community of
12 interest shown to authorize a ballot.

13 WITNESS ROBINSON: That's my understanding
14 as well, a ballot for the two traditional offerings
15 which is EAS or ECS.

16 COMMISSIONER KIESLING: Maybe I am just
17 missing something. But if that's what the issue in
18 this case is, is whether there's going to be a ballot
19 for EAS or ECS, what is this LCP in relation to this
20 proceeding? I don't understand why you can't just
21 offer it. I mean, it's not going to be on a ballot.

22 COMMISSIONER GARCIA: Commissioner, I would
23 assume if we were to have balloting and we were to
24 select one of the plans that are traditionally
25 offered, it would be almost impossible for the company

1 to sell those options to anyone because its value
2 would be negated by the traditional offering of the
3 Commission.

4 COMMISSIONER KIESLING: Well, that I
5 understand. But I didn't hear Mr. Robinson say they
6 made that offering, and customers signed up, and then
7 the ballot happened, they got a better deal, they were
8 stuck with it. I didn't hear that part; they can
9 offer any time they want.

10 WITNESS ROBINSON: Commissioner, I think you
11 are correct.

12 COMMISSIONER KIESLING: I think I'm correct,
13 too.

14 WITNESS ROBINSON: I think you are correct
15 in saying that we could offer it any time we want.
16 Actually, one of the reasons -- I don't know whether
17 you -- we are following the legal process which would
18 say that, as Commissioner Garcia pointed out, we
19 actually want to see if it is balloted, what the
20 customer requests.

21 If it doesn't pass, that doesn't mean that
22 we still would not offer something along these lines.

23 COMMISSIONER KIESLING: But you see that's
24 where I see the customers being in a catch 22.
25 Because what you are telling these customers, in my

1 mind, is that you are going to wait out this hearing
2 and see whether they pass something on a ballot. And
3 if not, then you might offer this other plan or you
4 might not. You are not making any commitment that you
5 are going to offer it no matter what.

6 So what you are hanging out to these
7 customers is, Here's this nice little optional plan we
8 have over here, but we are not going to give it to you
9 until we find out how you are going to vote. And then
10 once you find out how they are going to vote, if the
11 ballot doesn't pass, you are under no obligation to
12 hand them those options.

13 WITNESS ROBINSON: Well, I agree that that
14 seems to be a catch 22, so I agree with that statement
15 you make. I don't agree that we're not under an
16 obligation. I think again in a market-driven
17 competitive area that we are running into, if we don't
18 offer these customers something and relatively soon,
19 within a year, certainly the competition would come in
20 and offer them something, which they might still.

21 COMMISSIONER KIESLING: Right.

22 WITNESS ROBINSON: But I disagree with the
23 part that's saying that we'll wait and if it doesn't
24 approve, we won't do anything.

25 MS. CANZANO: May I interject for one moment

1 here.

2 Q (By Ms. Canzano) It's also possible, isn't
3 it correct, that if the Commission decides that a
4 requisite community of interest is possible for an
5 alternative toll plan in addition to a nonoptional
6 flat rate plan, so there is that other possibility out
7 there. And isn't it true that your plans are
8 responding to the issue of other types of alternative
9 toll plans?

10 A Our plan is not considered an alternative
11 toll plan. It's considered a local expansion plan.
12 The alternative toll plan that we understood to be met
13 by alternative toll was ECS, for clarification.

14 Q And also, if the Commission decides
15 something differently and decides not to order your
16 plans to go into effect for all the companies in
17 response to this docket, if you were to implement on
18 your own under the new version of Chapter 364, isn't
19 it true that plan would be offered in one direction on
20 these routes?

21 A Yes. GTE will only offer plans outward for
22 our customers because we can't control the other side.

23 Q So they might have to pay additionally from
24 the other end of those routes; is that correct?

25 A Our customer would not have to pay

1 additionally, but somebody else's customer might pay
2 to come this way. They wouldn't pay GTE obviously;
3 they would pay their own telephone company for
4 whatever plan the other telephone company has.

5 Q So I just want to clarify. That was not in
6 both directions if it's done on your own in the
7 future?

8 A That's correct. Each option that I have
9 mentioned implies that the customers of GTE will be
10 able to make calls to these 13 areas, and we don't
11 know whether the customers in those 13 areas can make
12 calls back.

13 Q Historically, have optional plans been
14 successful in GTE's territory?

15 A Across the nation you mean?

16 Q No, in Florida.

17 A In Florida as far as ECS --

18 Q Not ECS, but other optional plans.

19 A Such as USS, usage sensitive service? I'm
20 sorry, could you maybe give me an example?

21 Q Perhaps it's expanded local calling. I
22 think it's an optional plan available on some routes
23 that you've had. I think it was ordered historically,
24 not recently.

25 A I'm drawing a blank.

1 Q That's fine, sorry. Isn't your basic
2 calling plan similar to your message service plan
3 that's currently available to GTE customers, except
4 that there isn't a monthly call allowance and the
5 basic calling plan's rates are higher?

6 A No, not really. They have some
7 similarities, but the similarity ends with the fact
8 that the usage pricing service that's available today
9 only allows them to have usage pricing for the three
10 exchanges that they have today in the case of Haines
11 City. Whereas the basic service, which has a little
12 bit higher price, gives them the capability of calling
13 13 exchanges at a reduced message rate -- reduced
14 measured per minute rate.

15 Q In your testimony you describe the rate
16 conditions for the measured usage charges; is that
17 correct?

18 A I'm sorry, could you refer me to that part
19 in my testimony?

20 Q Page 11, Lines 19 through 25, and Page 12, 1
21 through 2. But specifically we are going to direct
22 you to your Exhibit DER-2 attached to your direct
23 testimony. Because in that exhibit the measured usage
24 charges would be distance sensitive and rates would be
25 determined based on the distance of the call; is that

1 correct?

2 A That's correct.

3 Q And prices per minute, like the per minute
4 charges, would range from 3 cents per call to 14 cents
5 per call depending on the distance; is that correct?

6 A For the first minute, yes. And then it
7 drops back down to the lower rate per minute after the
8 first minute.

9 Q And how are the rates determined in this
10 exhibit?

11 A These rates were determined the same way as
12 the range of rates for the flat portion. I used some
13 combination or total, as an example, from the other
14 states where I've rolled the plan out where I had
15 brought this plan into service.

16 Q We like to have that support filed as a
17 late-filed exhibit, please?

18 A The support taking what form?

19 Q To show us how you determined the rates.

20 A Okay.

21 COMMISSIONER JOHNSON: Would you give me a
22 short title?

23 MS. CANZANO: Support for rates in Exhibit
24 DER-2.

25 COMMISSIONER GARCIA: Ms. Canzano, you are

1 also asking for the flat also, correct, the increment,
2 the \$4 or \$8, whatever that is, also?

3 MS. CANZANO: Yes.

4 WITNESS ROBINSON: You were?

5 MS. CANZANO: We would like that, too.

6 WITNESS ROBINSON: Basically, it's
7 mathematical averages, but that's what you are looking
8 for?

9 MS. CANZANO: We would like everything
10 supporting those numbers.

11 WITNESS ROBINSON: Okay.

12 COMMISSIONER JOHNSON: And we will identify
13 the late-filed as, short title, support for rates in
14 DER-2 as Staff Exhibit No. 5.

15 Now are those two different documents,
16 Donna, that you are requesting?

17 MS. CANZANO: It would be monthly rates and
18 for the per minute charge.

19 But can you prepare that as one exhibit, I
20 mean, just put it all in there?

21 WITNESS ROBINSON: Yes.

22 COMMISSIONER JOHNSON: Identified as
23 Late-Filed No. 5.

24 (Late-Filed Exhibit No. 5 identified.)

25 Staff, would this be a confidential exhibit?

1 MR. GILLMAN: Can I respond?

2 I would like to reserve the opportunity to
3 see what the costs are. It may be a confidential, but
4 it may not.

5 WITNESS ROBINSON: I should clarify. These
6 are not costs; these are going to be rates, the rate
7 support.

8 COMMISSIONER JOHNSON: To the extent that
9 there is an issue, then you will inform the
10 Commission?

11 MR. GILLMAN: Yes.

12 COMMISSIONER JOHNSON: Thank you very much.

13 Q (By Ms. Canzano) Mr. Robinson, why are the
14 rates based on a permanent basis rather than on
15 mileage -- or excuse me, rather than per call?

16 A We think that this is more equitable in that
17 whatever the customer uses, they pay for. What they
18 don't use, they don't pay for.

19 A lump charge such as 25 cents if they made
20 a call in the local band, as a comparison, they pay a
21 quarter. Under our proposal they would pay 3 cents.

22 Q But that's only for one minute's worth of
23 time?

24 A Right.

25 Q But if they paid a quarter under your other

1 scenario, they could up to 20 minutes if they wanted;
2 is that correct?

3 A That's exactly right.

4 Q Just for a quarter?

5 A Yeah, there's a break even point. There's
6 losers and winners on a flat rate 25 cents.

7 Q Also, in this exhibit the rates stated are
8 for rates between 8 a.m. to 9 p.m. on the weekdays.
9 What about the rest of the time?

10 A The rest of the time you'll have a 40%
11 discount, an additional 40% discount off those rates.
12 So for what we consider off peak, which would be
13 9 p.m. back to 8 a.m. at night and on weekends and
14 holidays, those rates would be further reduced by 40%.

15 Q In your community calling plan, you state
16 that this plan is offered to residential customers at
17 an estimated rate between \$9.50 to \$10.50. Is that
18 correct?

19 A Yes.

20 Q And how do you determine the rates for these
21 residential customers' local monthly service?

22 A As I stated earlier, I simply looked at the
23 rate they pay today, 10.86, and looked at the plans
24 that was brought out in other states that have indeed
25 covered the requirement of cost revenues, etcetera,

1 and I gave it as an estimate. Those will be the types
2 of things you'll get on the second late-filed exhibit.

3 Q And is that true for all of the other plans?

4 A Yes.

5 Q In this particular plan, how come you've
6 excluded business customers?

7 A For community?

8 Q Yes.

9 A Excellent question. That's a historical
10 thing we've done. The logic that was used years
11 ago -- and, of course, we are now in new years -- is
12 that the business customer would make substantially
13 more calls thinking that the network would be tied up
14 more, etcetera. So we have offered them only the
15 usage option of basic and then the existing option or
16 the community plus which most resembled their existing
17 flat rate option. We used that same logic for not
18 putting them into the premium plan because if we
19 designed a rate for that, taking into consideration of
20 the amounts of toll calls they made, the rate would
21 probably come out around \$180 to \$200 or \$300 per
22 month, and we didn't think that was very saleable, so
23 we have not included that as an offering.

24 Q But you did include it as an offering in the
25 community plus plan; is that correct?

1 A That's correct. Because that plan most
2 closely resembles what the business customer can get
3 today as far as their flat rate calling which is, in
4 the case of Haines City, it's two other exchanges.

5 Q Under your premium calling plan, you state
6 that the residential rate would be between \$25 and
7 \$40; is that correct?

8 A That's correct.

9 Q Why is there such a wide range in these
10 residential rates?

11 A Well, that doesn't mean that it's going to
12 be offered to some customers, if I understand your
13 question, at 25 and some at 40?

14 Q Well, why do you have in your testimony that
15 the rate would be somewhere in between? To me, that's
16 a broad range in terms of what I would expect for a
17 calling plan. Can we narrow it down any?

18 A Well, it will be narrowed down if filed as
19 Commissioner Kiesling said. It will be narrowed down
20 to one rate. But right now when I pro-offered this, I
21 had to use averages now knowing what the costs would
22 be. I didn't do the study, the surrogate study. I
23 didn't do any calculations other than looking at other
24 states to see what the rate ranges might be.

25 Q And again, why isn't this plan available to

1 business customers?

2 A The premium plan, as I had stated before, it
3 was felt and it has been felt that the business
4 customer has a tremendous amount of calling. They
5 could use dial up computers to tie the network up for
6 hours at a time and that would again disturb the
7 network usage. However, more importantly, is that if
8 we based this on a revenue neutral basis to recover
9 what they make in toll calls, the rates, we don't
10 feel, would be saleable. They would price somewhere
11 around \$200 to \$300 a month for this premium service.

12 It sounds like, however, in Polo Park that
13 that might be saleable, so it's not something that's
14 cast in concrete that can't be offered.

15 Q For all of GTE's proposed plans, is GTE
16 considering offering these four plans in other areas
17 of its territory?

18 A Yes.

19 Q What criteria will you use to determine
20 which exchanges will be available as expanded local
21 calling?

22 A We are going to look to the community.
23 First off, we are going to have to be reactive because
24 we are just now starting this new ball game, more
25 reactive. We're going to look to the community to the

1 local service employees that say, Hey, these customers
2 are happy. We are going look to all types of input
3 and attempt to solve the problems of those communities
4 ultimately on a proactive basis. Right now we are in
5 a reactive mode as we are just coming into this new
6 environment.

7 Q And that's similar to what the Commission is
8 doing today; is that correct?

9 A That's correct.

10 Q If ECS is implemented on these interLATA
11 routes, what would be GTE's proposed dialing pattern?

12 A It would be 10 digit dialed without a 1.
13 Simply because of those 1s that most of them cross the
14 MPA boundary and that's a technical requirement.

15 Q It would be unnecessary to do 1 plus the 10
16 digits?

17 A That's correct.

18 Q On Page 16 of your testimony in Lines 3 to
19 5, you state that GTE is in the process of developing
20 Haines City specific rates; is that correct?

21 A Yes.

22 Q What exactly are you talking about? Are you
23 talking about the routes in this docket or other
24 routes?

25 A In that response I was talking about the

1 routes in this docket, but I am aware as you are that
2 Haines City proper on down the street has asked for
3 also, routes going to the south. And so those would
4 also be looked at. So for this particular case, it's
5 looking at these. I'm sorry.

6 Q So you are just trying to clarify those
7 numbers we talked about earlier, is that what you
8 meant?

9 A Yes, that's what I meant.

10 Q If the Commission determines that EAS is
11 appropriate, do you believe that the Commission would
12 ballot the Haines City exchange except for the
13 Poinciana exception?

14 A I'm sorry, could you say that again?

15 Q If the Commission determines that EAS is
16 appropriate, do you believe that the Commission would
17 have to ballot the entire Haines City exchange or the
18 Haines City exchange except for the Poinciana
19 exception?

20 A I believe the Commission could actually do
21 either. I think that you would ballot -- probably if
22 you left out the Poinciana that would be fine. They
23 have a different calling scope.

24 Q Oh, they have a different calling scope; is
25 that correct, right?

1 A Yes.

2 Q Do you have a map delineating that Poinciana
3 exception to Haines City?

4 A The Poinciana location.

5 Q The exception it's called.

6 A The exception? I don't have a map, but I
7 have the tariff which states that Poinciana has a
8 different calling area.

9 Q Could we ask for a late-filed exhibit with
10 the Haines City exchange with Poinciana exception as a
11 map, just for clarification?

12 A I believe we can get one of those, yes. So
13 you want actually like an exchange map that shows just
14 where the Poinciana exception takes place?

15 Q Yes.

16 COMMISSIONER JOHNSON: We will identify that
17 as Exhibit 6, short title of map of Poinciana.

18 MS. CANZANO: Or Haines City exchange
19 including the Poinciana exception.

20 COMMISSIONER JOHNSON: Okay. Say that
21 again?

22 MS. CANZANO: The Haines City exchange
23 including the Poinciana exception.

24 COMMISSIONER JOHNSON: Okay we'll show it
25 identified as Late-Filed Exhibit 6.

1 (Late-Filed Exhibit No. 6 identified.)

2 Q (By Ms. Canzano) And for our last question,
3 exactly how far is this Polo Park entrance to the
4 Orlando exchange boundary?

5 A I can't answer how far it is to the Orlando
6 exchange boundary. I don't know how far the Orlando
7 boundary comes this direction. I do know that I drove
8 that way this morning, and it was 14 miles from Sea
9 World.

10 Q Can we have that as part of a Late-Filed
11 Exhibit 2?

12 A On the Orlando exchange? I don't have any
13 Orlando exchange data, that's BellSouth.

14 Q We would just like to know the distance from
15 GTE's territory, from here to the Orlando exchange.

16 MR. GILLMAN: From the closest edge, or --

17 MS. CANZANO: To the edge.

18 WITNESS ROBINSON: I should point out as I
19 stated in my testimony that measuring takes place from
20 the central office or the central location of the
21 exchange, Haines City. So the main central office for
22 Haines City is in Haines City. And mileage is
23 determined universally on BNH coordinates, airline
24 miles. So that mileage that you are requesting for is
25 not useful in ratemaking.

1 MR. GILLMAN: We are also providing a
2 late-filed exhibit showing the distance rings which I
3 think would include it.

4 MS. CANZANO: I think that would be okay.
5 We don't need to have a late-filed on this. Thank
6 you. That concludes Staff's questions.

7 MR. HILKIN: Commissioner Johnson, may I ask
8 a question relative to balloting?

9 COMMISSIONER JOHNSON: Go ahead.

10 MR. HILKIN: Relative to balloting or the
11 survey, is it my understanding that if a ballot goes
12 out, a certain percentage of people must respond to a
13 given percentage response, otherwise the whole thing
14 can collapse?

15 COMMISSIONER JOHNSON: Is that a question
16 for the --

17 MS. CANZANO: Do you want us to go ahead and
18 respond?

19 COMMISSIONER JOHNSON: I mean, we can
20 informally respond -- (Simultaneous conversation.)

21 MS. CANZANO: We could do this during a
22 break.

23 COMMISSIONER JOHNSON: -- testifying as a
24 part of this proceeding, and they could answer that
25 question for you on the break if you would like.

1 MS. CANZANO: We could talk about that on
2 the break, Mr. Hilkin.

3 MR. HILKIN: All right.

4 COMMISSIONER JOHNSON: Commissioners.

5 COMMISSIONER KIESLING: Yes, I have another
6 question or two.

7 I know you were present this morning when
8 one of the witnesses indicated that they had had
9 trouble dialing around on intraLATA toll. Can you say
10 anything about what may have happened, or do you have
11 any kind of a policy or a blocking on dial around for
12 intraLATA toll calls?

13 WITNESS ROBINSON: Not that I'm aware of. I
14 know 10XXX is certainly allowed in Florida. I think
15 it's allowed on an intraLATA basis, so we were all
16 kind of stumped when we heard that, and we are going
17 to look into it. Unless there's something really,
18 really new that I've been out of the office and
19 missed, I think it's probably some sort of a technical
20 problem that should be looked at.

21 COMMISSIONER KIESLING: I guess just for Mr.
22 and Mrs. Dalrymple, if they are still here, if you
23 have any trouble dialing around again, call us at our
24 800 number and we can figure out what the problem is.

25 WITNESS DALRYMPLE: Which is what?

1 COMMISSIONER KIESLING: It's in the green
2 form.

3 COMMISSIONER GARCIA: It's on the green
4 form.

5 WITNESS DALRYMPLE: There are several.

6 COMMISSIONER KIESLING: 1-800-511-0809.

7 (Audience response.)

8 You're right. I looked at the wrong one.
9 Yes, it's 342-3552. You are ahead of me. I was
10 looking at the wrong one.

11 COMMISSIONER JOHNSON: Any other questions
12 Commissioners? Redirect.

13 MR. GILLMAN: Yes, just a couple,
14 Commissioner Johnson.

15 **REDIRECT EXAMINATION**

16 BY MR. GILLMAN:

17 Q Mr. Robinson, there were some questions
18 asked of you about the ranges of rates in the four
19 calling plans. I mean, do you feel comfortable enough
20 with those today to commit that the rates that GTE
21 would ultimately propose would be within those ranges?

22 A Yes.

23 Q What if your analysis showed that the rates
24 would be below the lower end of the range, would you
25 offer that lower price?

1 A Yes.

2 Q And what if it was over the range?

3 A No.

4 Q What you are showing here in the ranges, the
5 upper range, is the maximum that would be charged for
6 one of these calling plans?

7 A Yes.

8 Q Is GTE prepared to offer this plan right
9 now? Is GTE committed to offering this plan?

10 A Well, we aren't committed pending the
11 outcome of the hearing, but we are prepared to offer
12 the plan in a time line that it takes to implement
13 such a plan. It can't be turned on next week in any
14 state or any area. It takes a long time to get it
15 implemented. It's not a long time; it takes a time to
16 get it implemented.

17 MR. GILLMAN: That's all the questions I
18 have. Thanks.

19 COMMISSIONER KIESLING: How long?

20 WITNESS ROBINSON: Six to eight months.

21 COMMISSIONER JOHNSON: Exhibits?

22 MR. GILLMAN: I move for the admission of
23 Composite Exhibit No. 3.

24 COMMISSIONER JOHNSON: Show it admitted
25 without objection. And we have identified late-filed

1 DER distance ring, Late-Filed support for rates for
2 DER-2, and Late-Filed map of Haines City exchange
3 including Poinciana exception. Show those so
4 identified as late-filed.

5 You may be excused, Mr. Robinson.
6 (Exhibit No. 3 received in evidence.)
7 (Witness Robinson excused.)

8 - - - - -
9 MR. WAHLEN: United Telephone calls Sharon
10 Harrell.

11 COMMISSIONER JOHNSON: Ms. Harrell, were you
12 sworn earlier?

13 WITNESS HARRELL: Yes.

14 COMMISSIONER JOHNSON: I thought you were.
15 Okay.

16 - - - - -
17 **SHARON E. HARRELL**
18 was called as a witness on behalf of United Telephone
19 Company of Florida and, having been duly sworn,
20 testified as follows:

21 **DIRECT EXAMINATION**

22 BY MR. WAHLEN:

23 Q Would you please state your name?
24 A My name is Sharon E. Harrell.
25 Q And by whom are you employed?

1 A Employed by Sprint United Telephone.

2 Q Ms. Harrell, did you prepare and caused to
3 be filed in this docket prepared direct testimony
4 consisting of seven pages?

5 A Yes, I did.

6 Q Do you have any changes or correction to
7 that testimony?

8 A No, I do not.

9 Q If I were to ask you the questions contained
10 in that testimony today, would your answers be the
11 same as the ones contained in that testimony?

12 A Yes, they would.

13 MR. WAHLEN: Commissioner, we would ask that
14 Ms. Harrell's prepared direct testimony be inserted
15 into the record as though read.

16 COMMISSIONER JOHNSON: Show it so inserted
17 without objection.

18

19

20

21

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24

25

UNITED TELEPHONE COMPANY
OF FLORIDA
CENTRAL TELEPHONE COMPANY
OF FLORIDA
DOCKET NO. 930173-TL
FILED: March 11, 1996

1 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

2 DIRECT TESTIMONY

3 OF

4 SHARON E. HARRELL

5

6 Q. Please state your name, business address and title.

7

8 A. My name is Sharon E. Harrell. My business address is
9 Office Box 165000, Altamonte Springs, Florida,
10 32716-5000.

11

12 I am Tariff Manager - Exchange Services for United
13 Telephone Company of Florida ("Sprint-United") and
14 Central Telephone Company of Florida ("Sprint-Centel").
15 This docket only involves Sprint-United.

16

17 Q. Please describe your previous work experience.

18

19 A. I began my career in 1964 when I joined United Telephone
20 of Ohio as a long distance operator. In 1973, I
21 transferred to the position of Service Representative in
22 the Business Office. In 1977, I relocated to Florida and
23 began work as a long distance operator with United
24 Telephone of Florida. I transferred to the Business
25 Office in 1978 in the capacity of Service Representative.

1 In 1980, I was promoted to the position of Business
2 Office Supervisor. I moved to the Staff Administrator
3 Customer Service position in 1986. In that position I
4 was responsible for providing support and direction to
5 eight business offices and two collection offices for
6 United.

7

8 I began my present assignment in 1993.

9

10 Q. Have you previously testified before the Commission ?

11

12 A. Yes. I was the witness for Sprint-United and
13 Sprint-Centel in Docket No. 941281-TL, which dealt with
14 the proper tariffing of telephone service for elevators
15 and common areas within residential facilities.

16

17 Q. What is the purpose of your testimony?

18

19 A. The purpose of my testimony is to address the issues in
20 this docket. My testimony is based upon traffic studies
21 conducted by Sprint-United in this docket involving the
22 interLATA long distance routes between GTE's Haines City
23 Exchange and Sprint-United's Windermere, Reedy Creek,
24 Winter Park, Clermont, Winter Garden, St. Cloud,
25 Kissimmee and West Kissimmee Exchanges.

1 Q. What is Sprint-United's position in this docket?

2

3 A. Traffic study results on the routes in this docket
4 reflected that calling rates from the Sprint-United
5 exchanges to the Haines City Exchange were not sufficient
6 to meet the requirements for messages per access line per
7 month (M/A/Ms) or distribution to qualify for balloting
8 for flat rate, non-optional Extended Area Service (EAS)
9 on any of the routes. Rather, the calling patterns on
10 these routes do not support the implementation of any
11 form of toll relief.

12

13 Q. Please explain more fully the results of the traffic
14 studies conducted by Sprint-United.

15

16 A. The traffic studies were conducted on the following
17 routes:

- 18 • Kissimmee, West Kissimmee to Haines City (excluding
19 the Poinciana 427 pocket)
- 20 • Windermere, Reedy Creek, Clermont, Winter Garden,
21 Winter Park and St. Cloud to Haines City
- 22 • Windermere, Reedy Creek, Clermont, Winter Garden,
23 Winter Park and St. Cloud to Haines (including the
24 Poinciana 427 pocket).

25

1 The results of all the studies reflected insufficient
2 usage on both the calls per access line (M/A/Ms) and the
3 frequency distribution, or number of subscribers making
4 2 or more calls, to meet the existing FPSC Rules for
5 balloting.

6
7 Some additional observations based on customer usage data
8 on the routes studied in this docket are:

9 • Kissimmee and West Kissimmee to Haines City
10 (except 427 pocket):

11 On both routes 90% of the residential
12 customers made no calls

13 • Winter Park, Windermere, Winter Garden, Clermont,
14 St. Cloud and Reedy Creek to Haines City:

15 On the route with the highest calling volume,
16 92% of the residential customers made no calls

17 • Winter Park, Windermere, Winter Garden, Clermont,
18 St. Cloud and Reedy Creek to Haines City (427
19 pocket only):

20 On the route with the highest calling volume,
21 98% of the residential customer made no calls

22

23 Q. Is there sufficient community of interest on the routes
24 in this docket to justify surveying for non-optional flat
25 rate EAS?

1 A. No. The Florida Public Service Commission Rule
2 25-4.060(3), Florida Administrative Code, requires a
3 preliminary showing that there is a community of interest
4 sufficient to warrant further EAS proceedings. A
5 sufficient community of interest exists when the calling
6 rate exceeds 2 M/A/Ms and 50% of the subscribers make 2
7 or more calls per month.

8
9 Though the calling rates from the requesting exchange
10 remain unknown, the history on previously studied routes
11 can be used to provide estimates. I reviewed the two-way
12 calling on fourteen intraLATA routes that were studied by
13 Sprint-United. Calls placed in both directions reflected
14 a varying difference in call volume with 51% being the
15 most extreme difference of full exchange calling rates.
16 Even using the most extreme case of 51% more calls in one
17 direction than the other, based on the call volumes on
18 the routes in this docket, none would come close to
19 meeting the Commission requirements for balloting for
20 non-optional flat rate EAS. In fact, even if you
21 multiplied the calls on the routes in this docket by five
22 (5), the resulting M/A/Ms would still fall short of
23 existing Commission requirements for balloting. Based on
24 this information, the calling patterns on these routes do
25 not support the implementation of any form of toll relief.

1 Q. What other community of interest factors should be
2 considered in determining if either an optional or
3 non-optional InterLATA toll alternative should be
4 implemented?

5

6 A. In addition to considerations provided for in the
7 commission rules, there are some factors often mentioned
8 by subscribers desiring EAS. Such factors may include
9 the location of schools, fire/police departments, medical
10 emergency facilities, and county government.

11

12 The requesting exchange, Haines City, is located in Polk
13 County. None of the above community of interest factors
14 for the Sprint-United exchanges are located in Polk
15 County, and we are not aware of any additional community
16 of interest factors for the Haines City exchange that
17 would justify balloting for non-optional flat rate EAS.

18

19 Q. Should the commission determine that an alternative toll
20 plan such as ECS should be implemented, what is the
21 economic impact on the Company?

22

23 A. Based on the monthly calling volume reflected in the
24 traffic studies, the estimated annual revenue impact to
25 the Company would be a loss of \$218,000. These dollars

1 do not reflect the additional costs for facilities that
2 would be required to carry the traffic, or the costs for
3 switch translations, directories and directory assistance
4 allowance, or other administrative costs associated with
5 the implementation of the toll alternative.

6

7 Q. Does that conclude your direct testimony?

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9 A. Yes.

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1 Q (By Mr. Wahlen) Ms. Harrell, would you
2 please summarize your testimony?

3 A Yes, I will. United conducted traffic
4 studies in this docket involving the IntraLATA toll
5 routes between GTE's Haines City exchange and Sprint
6 United's Windermere, Reedy Creek, Clermont, Winter
7 Park, Winter Garden, St. Cloud, Kissimmee and West
8 Kissimmee exchanges.

9 The traffic study results reflected that
10 calling patterns on these routes were not sufficient
11 to meet the existing Commission requirements to
12 qualify for balloting for flat rate nonoptional
13 extended area service, nor are they close enough to
14 warrant any alternative form of toll relief.

15 Should the Commission determine that flat
16 rate nonoptional EAS is warranted, three of United's
17 exchanges would be impacted. The St. Cloud, Kissimmee
18 and West Kissimmee exchanges would be regrouped from
19 Rate Group 3 to Rate Group 4 as a result of the
20 increased local calling scope, thus causing customers
21 in those exchanges to incur an increase in their basic
22 local service rate.

23 It is United's position that if the
24 Commission finds a sufficient community of interest
25 exists for toll relief to be granted, an optional

1 service should be ordered. This concludes my summary.

2 MR. WAHLEN: Thank you.

3 Ms. Harrell is available for cross
4 examination.

5 COMMISSIONER JOHNSON: Ms. White.

6 MS. WHITE: No questions.

7 COMMISSIONER JOHNSON: Mr. Gillman.

8 MR. GILLMAN: No questions.

9 COMMISSIONER JOHNSON: Mr. Hilkin.

10 MR. HILKIN: No questions.

11 COMMISSIONER JOHNSON: Staff.

12 MS. CANZANO: Staff just has a few
13 questions.

14 **CROSS EXAMINATION**

15 BY MS. CANZANO:

16 Q On Page 5 of your testimony, you provide a
17 calling analysis of 14 intraLATA routes; is that
18 correct?

19 A That's correct.

20 Q And none of these 14 routes involve the
21 routes at issue in this docket; is that correct?

22 A That is correct.

23 Q And what is the purpose of this analysis?

24 A The purpose was because the routes in this
25 docket are intraLATA, we only had the traffic

1 originating in our territory. We felt it would be
2 valid to look at routes on which the exchanges had a
3 known like community of interest. So we looked at one
4 of our counties where we had done a number of routes.
5 And even though they were intraLATA, we felt the
6 exchanges being in the same county would have the same
7 type of local calling interest and that that would
8 give us some idea what the return call might be on
9 these intraLATA routes.

10 Q And what was your conclusion about that?

11 A Our conclusions was that traffic varied
12 greatly. There were many varying factors, but on
13 those particular routes, the highest variation was 51%
14 difference between the originating and terminating to
15 correct traffic.

16 Q And that could be very subjective those
17 criteria for comparison; is that correct?

18 A That's correct.

19 Q So I mean, it's possible that none of those
20 14 routes that you considered had the same type of
21 considerations that the community of Polo Park has,
22 like being so close to the boundary and that sort of
23 thing; is that correct?

24 A That's correct.

25 Q On Pages 6 and 7 of your testimony, you

1 state that there's a \$218,000 revenue impact; is that
2 correct?

3 A For implementing ECS?

4 Q Yes.

5 A Yes, that is correct.

6 Q Does this include stimulation?

7 A No, it does not.

8 Q What would the revenue impact be including
9 stimulation?

10 A I do have those numbers. And with 50%
11 stimulation, the estimated annual revenue loss would
12 be approximately \$124,488. Mr. Wahlen has this
13 information.

14 COMMISSIONER JOHNSON: Do we need to mark
15 this as an exhibit?

16 MS. CANZANO: Yes.

17 COMMISSIONER JOHNSON: We'll mark it as
18 Exhibit 7, short title, SEH-1.

19 (Exhibit No. 7 marked for identification.)

20 MS. CANZANO: That concludes Staff's
21 questions.

22 MR. WAHLEN: No redirect.

23 COMMISSIONER JOHNSON: Commissioners, any
24 questions?

25 COMMISSIONER KIESLING: Yes. Perhaps I just

1 missed it, but what county did you use?

2 WITNESS HARRELL: We used Marion County.

3 COMMISSIONER JOHNSON: Exhibit.

4 MS. CANZANO: Staff moves Exhibit 7.

5 COMMISSIONER JOHNSON: Show it admitted
6 without objection.

7 Thank you, ma'am.

8 (Exhibit No. 7 received in evidence.)

9 (Witness Harrell excused.)

10 - - - - -

11 **JOHN B. HILKIN**

12 was called as a witness on behalf of Polo Park and,
13 having been duly sworn, testified as follows:

14 **DIRECT STATEMENT**

15 WITNESS HILKIN: My name is John Hilkin, and
16 I live at 235 Jackson Park Avenue in Polo Park West.

17 COMMISSIONER JOHNSON: And Mr. Hilkin, you
18 have been sworn have you not?

19 WITNESS HILKIN: Yes, ma'am, I have.

20 COMMISSIONER JOHNSON: Would you like to
21 give a summary of your testimony? Have you prefiled
22 testimony?

23 WITNESS HILKIN: I have prefiled testimony,
24 and I have some charts which set the focus. I don't
25 know if those are permissible at this point.

1 **COMMISSIONER JOHNSON:** Okay. Are those
2 going to be exhibits, or --

3 **WITNESS HILKIN:** They are exhibits.

4 **COMMISSIONER JOHNSON:** Have they been
5 attached to your prefiled?

6 **WITNESS HILKIN:** They have.

7 **COMMISSIONER JOHNSON:** Do we need to
8 identify them as a composite exhibit then?

9 **MS. CANZANO:** Yes, we do.

10 **WITNESS HILKIN:** Well, it's only in the
11 interest of putting a focus in, where we are and where
12 our problems are and giving a visual presentation of
13 what our problems are.

14 **COMMISSIONER JOHNSON:** Okay, Mr. Hilkin,
15 I'll identify these as Composite Exhibit 8.

16 **WITNESS HILKIN:** All right.

17 (Exhibit No. 8 marked for identification.)

18 **COMMISSIONER JOHNSON:** And you said that you
19 did prefile testimony?

20 **WITNESS HILKIN:** Yes, I did.

21 **COMMISSIONER JOHNSON:** Is there any
22 objection to us inserting this into the record as
23 though read? Seeing none --

24 Do you have any changes or corrections to
25 make?

1 **WITNESS HILKIN:** None whatsoever.

2 **COMMISSIONER JOHNSON:** Seeing none, we will
3 insert you prefiled testimony into the record as
4 though read.

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PRE-FILED DIRECT TESTIMONY

OF

JOHN B. HILKIN

ON BEHALF OF

POLO PARK HOMEOWNERS ASSN.

AND

SURROUNDING COMMUNITIES

trans

DOCUMENT NUMBER-DATE

02198 FEB 22 88

FPSC-RECORDS/REPORTING

1 DIRECT TESTIMONY OF JOHN B. HILKIN

2 Q. PLEASE STATE YOUR NAME AND ADDRESS.

3 A. My name is John B. Hilkin. I reside at 235 Jackson Park
4 Avenue in Polo Park. My mailing address is Davenport, Fl. 33837

5 Q. WHO DO YOU REPRESENT?

6 I am the acting President of Polo Park Homeowners Association.

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. On behalf of Polo Park, some 640 homes, as well as some
9 32 surrounding residential communities in the Four Corners
10 area, I seek to have Extended Area telephone Service to
11 basically four metropolitan areas or routes. We want to
12 eliminate the long distance toll charges for calls between
13 the 424 exchange and the four metro. areas or routes.

14 Q. HAVE YOU ATTEMPTED TO OBTAIN EXTENDED AREA SERVICE BEFORE?

15 A. No. This is our first request under docket No. 930173-TL.

16 Q. DESCRIBE THE "FOUR CORNERS" AREA.

17 A. Polo Park, and the surrounding residential communities,
18 sit at the corners of Polk, Osceola, Lake and Orange counties.

19 (SEE EXHIBIT "A").

20 EXHIBIT "B" shows the distances we are from the metro. areas
21 from which we are seeking relief.22 EXHIBIT "C" shows some 33 residential communities in the
23 Four Corners area, including Polo Park but excluding Disney's
24 Celebration city. EXHIBIT "D" indicates the area codes that are
25 affected by this request.

1 Q. WHAT IS YOUR BASIC POSITION IN THIS PROCEEDING?

2 A. The telephone service is an integral part of our every
3 day life. Our communities have not only young families but
4 early retirees, retirees and elderly folks on fixed incomes
5 with all kinds of needs, desires and services on a daily
6 basis. I will address this issue at the Pre-Hearing Conference.

7 Q. DO YOU HAVE AN EXHIBIT WHICH ILLUSTRATES THE GEOGRAPHY
8 INVOLVED?

9 A. We will refer to EXHIBIT "C" to illustrate the number of
10 communities affected and the number of households impacted by
11 the present telephone service charges.

12 Q. DO YOU HAVE AN EXHIBIT WHICH SHOWS THE TRAFFIC PATTERNS
13 BETWEEN THE 424 EXCHANGE AND THE FOUR METRO. AREAS?

14 A. Yes. EXHIBIT "E" will illustrate the patterns of usage
15 and the types of calls from only a small number of Polo Park
16 residents(Approx. 95), both personal and business, being
17 made on a regular basis from the 424 exchange to these 4
18 metro. areas. This does NOT include any patterns of usage from
19 any of the other 32 communities.

20 Q. DO YOU HAVE A STATEMENT ON THE POLICY QUESTION OF
21 " POCKET AREAS" ?

22 A. We believe the problem of Pocket Areas, which has not
23 been addressed by telephone companies apparently in the past,
24 and appears to be a first time situation today, should be
25 given special consideration from normal docket procedures.

1 Q. WOULD THE RESIDENTS IN THE FOUR CORNERS AREA AGREE TO
2 AN INCREASE IN THEIR RATES TO OBTAIN EXTENDED AREA SERVICE?

3 I believe the residents, based on a survey we have taken in
4 Polo Park, would be amenable to either a flat increase per
5 month, so long as it was not excessive, or a \$0.25 charge
6 per call, whichever charge has the least economic impact on
7 the subscribers.

8 We recognize the telephone companies need to recover their
9 costs for making changes and providing services but we would
10 hope that any increase would not be excessive.

11 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

12 A. Yes.

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1 WITNESS HILKIN: All right.

2 COMMISSIONER JOHNSON: Would you like to
3 summarize your prefiled testimony?

4 WITNESS HILKIN: Yes. Basically, we are
5 trying to put a focus on the fact that there are four
6 counties that come together in this particular area
7 and that we are affected by three area codes, 941, 352
8 and 407, and that the exhibits would show the
9 distances to the major or the metropolitan areas that
10 we are seeking relief from. They would also show the
11 number of residential communities that are in the
12 immediate four corner area. And that it would also
13 show the number of dwelling units that are presently
14 existing and will develop within the next year to two
15 years. And this, we think, is evidence of the
16 tremendous growth that is going on in this area and
17 why we need relief.

18 COMMISSIONER JOHNSON: Very good. Did you
19 want to describe any exhibits in any more specificity?

20 WITNESS HILKIN: If I could, I would like to
21 show those exhibits.

22 COMMISSIONER JOHNSON: Okay. And the charts
23 that you have are enlarged versions of what was
24 identified as Composite Exhibit 8?

25 WITNESS HILKIN: Please excuse my back.

1 COMMISSIONER GARCIA: You might want to turn
2 it a little bit so that they can see some of it, too.

3 There you go. Straighten it out it's about
4 to fall.

5 COMMISSIONER KIESLING: Your easel is about
6 to bite the dust.

7 WITNESS HILKIN: Here in the red oblong
8 section is where Polo Park is. And you can see the
9 corners of the four counties: Lake, Orange, Osceola
10 and Polk. This is Highway 27. And this is
11 Highway 192.

12 Again, showing Polo Park, we are 13 miles to
13 Clermont, we are at 12 miles to the Davenport City
14 limits. We are 21 miles to the South Orlando border,
15 and we are 13 miles to Kissimmee. Again, Highway 27,
16 192, I-4 coming down this way.

17 COMMISSIONER JOHNSON: And how close are you
18 to Disney?

19 MR. HILKIN: We are approximately eight
20 miles to Disney.

21 Here again we show Polo Park here and the
22 surrounding communities that are being affected by
23 high telephone rates. They are all numbered. They
24 are all numbered in the exhibits you have there. But
25 essentially they go along 27. They go along 192, ORA

1 was here earlier. And then going down 27 to Route 54
2 is where the greatest number of subdivisions are now
3 going in.

4 And I've tried to recap for you. In order
5 to build a community development, the builder applies
6 or gives an indication to the county offices how many
7 dwelling units they are going to build. Well, if you
8 were to take and add up all these dwelling units for
9 the 33 subdivision here, exclusive of Celebration
10 City, you have almost 22,000 dwelling units that
11 are -- have been built or in the process of being
12 built. If you add the 8,000 dwelling units that will
13 go into Celebration City, which is Disney City right
14 down the road, there will be almost 30,000 dwelling
15 units in this immediate area.

16 And it has been pointed out in the past in
17 an article in the Ledger in February, this area was
18 indicated as the fastest growing area out of Orange
19 County and the fastest growing area in Polk County.
20 This northeast corner is just a hot bed of new
21 residential developments. And they indicated at this
22 point that in this immediate area that you see on the
23 charts, right now there's approximately 11,000
24 residents living in this area.

25 And here again to show you the problem that

1 we have, here's Polo Park. 352 area code is a half
2 mile up the road at the Lake County line; that's 352.
3 You just go across 192 on the other side of the road,
4 north side of the road, you have area code 407. So
5 here we are in area 941, and that's why we have the
6 toll situation and the dilemma that we have. Any
7 questions for clarification?

8 COMMISSIONER GARCIA: Are the attorneys
9 going to ask anything?

10 MR. GILLMAN: Yes, I have a few.

11 COMMISSIONER JOHNSON: I thought we were
12 still in the summary.

13 COMMISSIONER GARCIA: No, I thought he had
14 finished.

15 WITNESS HILKIN: That is essentially my
16 summary of the basic exhibits, other than the fact
17 that we did do a survey which you will see in your
18 testimony there. We surveyed residents in Polo Park
19 and asked them to give us an indication of the
20 telephone numbers they called in a prescribed period
21 of time. I think it was four months time. This was
22 from November through -- I believe, through February.
23 And we listed the telephone numbers that are called
24 and tried to indicate whether it was a doctor, church,
25 hospital, restaurant, whatever the service medium was,

1 we listed those calls by phone call. Because the
2 concern that I had was when you talk about there's no
3 community of interest, there's not enough phone calls
4 being made into those areas and the fact that the
5 telephone companies don't have any history of these
6 calls, it just befuddled me. Because if you look at
7 those charts, you'll see calling patterns from Polo
8 Park to Clermont. You'll see them to Orlando. You'll
9 see them to Reedy Creek, the Lake Buena Vista area.
10 You'll see them to Kissimmee, West Kissimmee and St.
11 Cloud.

12 So we tried to give you a little flavor in a
13 short period of time, and that was only by, I think, a
14 little over 100 people that responded to that. And as
15 you see, there were many, many calls even to our
16 community which is presumably an adult community. We
17 have a lot of people that work in Disney, and there
18 were many, many calls into Disney that were reflected
19 there.

20 So we see a broad calling pattern from this
21 area, and that's the point we were trying to make on
22 that exhibit. So that really summarizes pretty much.

23 COMMISSIONER JOHNSON: Thank you very much.
24 There may be questions from the attorneys, so it may
25 help for you to just be seated.

1 Any questions for the witness?

2 MS. WHITE: I have no questions.

3 **CROSS EXAMINATION**

4 BY MR. WAHLEN:

5 Q During your summary I think you indicated
6 that was usage over a four-month period, but on the
7 top of the page it indicates, "Please list toll calls
8 from your telephone bills for the past three months."
9 Do you know, was it three months or four months?

10 A I stand corrected. It is three months.

11 Q All right, thank you. Now, I'm not a
12 handwriting expert, but it looks to me like the
13 handwriting on these pages is all the same. Is this a
14 compilation of the surveys that individual people
15 turned in, or is this the actual information that
16 people turned in?

17 A These are the actual phone bills that people
18 turn in to yours truly, and we summarize them in this
19 fashion.

20 Q So you reviewed their phone calls and made
21 this summary?

22 A Yes, that's correct. And those phone bills
23 are available if you want to peruse them.

24 Q That's fine. I just was trying to make sure
25 I understand this. There are a variety of calls that

1 are indicated as business on here, but the particular
2 business was not indicated. Can you explain to me
3 what the term "business" mean?

4 A Yes. In the case of a person giving me a
5 phone bill where they could not recall the specific
6 party they were calling -- in most cases they
7 indicated it was a business call and not a personal
8 call, so that's why I put it in that general category.

9 Q In your summary you mentioned that there
10 were about 11,000 people in this area. Are you saying
11 that there are about 11,000 people that would be
12 affected by the Commission's decision in this
13 proceeding?

14 A Yes.

15 Q And you've used about 100 customers, all of
16 who live in Polo Park to do your survey?

17 A This is all I did at that point is on Polo
18 Park survey.

19 Q And just in general, would you agree,
20 subject to check, that your survey was of less than 1%
21 of those 11,000 customers?

22 A Well, there are 450 residences in Polo Park,
23 and we had about 100 people so, yes, 1%.

24 Q Now, I did not see any calls to Windermere,
25 Winter Park or Winter Garden in Exhibit E. Is it

1 correct that your survey does not show calls to those
2 exchanges?

3 A Actually, they are 407 calls, and we
4 couldn't decipher, but they are in the 407 calling
5 pattern. If you were to check the exchanges, you
6 might be able to pull out calls to those specific
7 entities.

8 Q So they would just be listed under Orlando?

9 A They'd be under Orlando.

10 Q And you would have to look at the first
11 three digits of the phone number to determine whether
12 they were to Windermere, Winter Park or Winter Garden;
13 is that correct?

14 A That's correct.

15 MR. WAHLEN: That's all the questions I
16 have. Thank you.

17 COMMISSIONER JOHNSON: Mr. Gillman.

18 **CROSS EXAMINATION**

19 BY MR. GILLMAN:

20 Q Mr. Hilkin, I would like to ask you a few
21 more questions on this exhibit if I could.

22 A Yes, sir. Fire.

23 Q You're exhibit in E includes all the
24 telephone calls made by the 95 customers?

25 A That's correct.

1 Q You included them all?

2 A Yes.

3 Q You testified about 11,000 being affected by
4 this. What area does that number cover?

5 A That includes all of the 33 communities that
6 are shown in our Exhibit.

7 Q And which exhibits was that?

8 A That's Exhibit D, I believe.

9 COMMISSIONER KIESLING: I think it's C.

10 WITNESS HILKIN: Exhibit C.

11 Q (By Mr. Gillman) Exhibit?

12 A C.

13 Q And it included area 5? Or point out on
14 Exhibit C which area the 11,000 included?

15 A The 11,000 includes all these communities,
16 the dotted communities here, everything here,
17 exclusive of Celebration.

18 Q And those are the 32 communities that you
19 refer to on Page 3 of your testimony?

20 A Yes.

21 Q And you actually sent 11,000 requests for
22 their telephone bills?

23 A No. We only did this for Polo Park.

24 Q Okay. So the Exhibit E includes just the
25 calls made from customers that resided in the Polo

1 Park?

2 A That's right. I was just trying to get a
3 feel as to the calling patterns.

4 Q Both East and West Polo Park?

5 A Yes.

6 Q I presume then you have also included calls
7 in here from the same people who testified or provided
8 public testimony today?

9 A There are calls in here from some of the
10 Polo Park West residents, yes, sir.

11 Q How many people are there -- or how many
12 people did you send requests for telephone bills to?

13 A We made an announcement at one of our
14 homeowners meetings and asked them to submit their
15 bills. And we had a big box, and they placed them in
16 there within a week's time.

17 Q How many residents are there of Polo Park
18 East and West?

19 A There are 480 homes right now. And if you
20 take the average household, I think there's 1.7 people
21 per household because we do have a number of widows.

22 Q In your review of those bills, if you
23 recall, did you see calling patterns where some people
24 may have more of a calling need to, say, Orlando as
25 compared to some other community?

1 A There were some, and some of these folks
2 indicated that because of doctor situations or
3 hospital or the drug store that they had a greater
4 calling pattern. But, in fact, you'll find that we
5 tried to eliminate the duplication of calls because we
6 could see that there were a number of people calling
7 the same doctor, for instance. So we tried to
8 minimize that to try to minimize the confusion.

9 Q Would you also agree with me upon your
10 review of the calls received that some people would
11 call a lot and other people would call less? There
12 would be a range of calling patterns?

13 A It's surprising that there weren't that many
14 people that submitted bills where there weren't a lot
15 of toll calls. It was very surprising. There seemed
16 to be a lot of activity on the bills that I got.

17 Q Did you follow up with any of the people who
18 didn't provide you with telephone bills to see why
19 they hadn't submitted them?

20 A No. Because we wanted to meet the
21 Commission deadline, so we just made it a short period
22 of time and cut it off and took our chances from
23 there.

24 MR. GILLMAN: That's all I have. Thank you.

25 COMMISSIONER JOHNSON: Staff.

1 MS. CANZANO: We just have a few questions.

2 CROSS EXAMINATION

3 BY MS. CANZANO:

4 Q Good afternoon, Mr. Hilkin.

5 A Good afternoon.

6 Q You state in your testimony that you want to
7 eliminate the long distance toll charges for calls
8 between the 424 exchange and the four metropolitan
9 areas; is that correct?

10 A That's correct.

11 Q Even though your request is for flat rate
12 EAS, would you be opposed to the extended calling
13 service plan, what we call the ECS, on these routes?
14 And by that I mean the ECS rates residential calls at
15 25 cents per call regardless of the duration, and
16 business calls are rated at 10 cents for the first
17 minute, 6 cents for every minute thereafter.

18 A I can't speak for the people in all these
19 communities. I believe from the expressions that I've
20 heard from our own community and from other
21 communities that we really need the flat rate approach
22 because the 25 cent call, this may be an excessive
23 cost. And I'm not sure that I can speak for anyone on
24 that.

25 Q In your testimony on Page 3, you indicate

1 that your area has needs and desires for services in
2 the required areas. And you mention this on Page 3,
3 Lines 3 through 6. Well, I'd like to ask some
4 specific questions. Like, basically, what types of
5 services are required from these other areas?

6 And in your response could you please
7 clarify which services go with which areas?

8 A Okay. The four areas, when I call metro
9 areas, that may be an extension of -- well, I'm used
10 to the Chicago area and that being a big metropolitan
11 area. But I was considering Clermont as a population
12 area that is frequented, Orlando, Kissimmee and St.
13 Cloud. Those were the four major areas of calling
14 pattern that we see.

15 And, for instance, going to Clermont we have
16 specific doctors up there, chiropractors, the
17 hospitals up there, South Lake Hospital. We have
18 service facilities, Scotty's, K Mart, those kinds of
19 specific services.

20 The same is true going down to Kissimmee.
21 We have similar needs: doctors; banks, the Barnett
22 Bank down there. We have the hospital down there. We
23 have many, many restaurants that are frequented along
24 192 on both sides of the highway.

25 And into Orlando we have the ORMC, the

1 regional medical center which is frequented by many
2 people because of their wonderful facilities. And
3 many doctors are up in that area that are frequented
4 by the folks in, certainly, our community, and I'm
5 sure in the other communities as well, as well as
6 entertainment facilities are used quite a bit. There
7 are calling patterns up to the various entertainment
8 facilities. The Bob Carr Theater, the Orlando arena
9 and other places similar to that.

10 Q For each of these services, including the
11 medical services, are these other areas closer for the
12 people in this Polo Park area than for them to go to
13 Haines City to reach these same services?

14 A If you lived here you would very quickly
15 realize that the professionalism available and the
16 facilities available are much better as you go
17 northeast toward the major metropolitan area than into
18 Haines City. There's a considerable lacking of the
19 quality and standards that I think most of us are used
20 to and accustomed to.

21 Q And how far is it from here to Haines City?

22 A From here to Haines City is approximately --
23 through the outskirts is approximately 15 miles.

24 Q Is it closer for residents of Polo Park to
25 go to Clermont or to other metropolitan areas, as you

1 call them, to have their services met?

2 A It's about a standoff in the mileage from
3 here to Clermont as it is to Haines City. And into
4 Kissimmee it's a slightly longer distance, a few miles
5 more. But the quality of availability of the
6 professional services and restaurants, etcetera, is a
7 much higher level than going to Haines City. And I
8 think the natural flow of people is to get the best
9 they can for the money they spend.

10 Q And where do most people work?

11 A Most of the people that we are aware of are
12 either Disney employees or they are working in other
13 facilities along 192 and into Orlando. There's a
14 number of people in our park that work in South
15 Orlando.

16 Q So are you also saying that most people work
17 in your four metropolitan areas rather than in Haines
18 City?

19 A Oh absolutely.

20 Q On Exhibit C that you have identified, on
21 that upper right-hand side corner you have D/U.

22 A That means "dwelling units" applied for or
23 built. That's what that means.

24 Q I should have figured that out.

25 A How about that.

1 Q On Page 3 of your testimony you state that
2 pocket areas should be given special considerations;
3 is that correct?

4 A Yes.

5 Q Do you believe that the Polo Park area,
6 which is a pocket of the Haines City exchange, has
7 different calling requirements than other customers in
8 the exchange?

9 A We feel that because our calling patterns
10 are to the north and east of us that, yes, we are in a
11 pocket area and our needs are not calling back to the
12 Haines City area. Even though we are essentially in
13 the same exchange, our calling patterns are not down
14 to Haines City; they are more north and east.

15 Q Of the 10 routes at issue in this docket are
16 there any of these routes that are more significant
17 regarding importance of need than the others? And if
18 so, could you rank them in terms of importance.

19 A Well, I think based on all the previous
20 input I've had in the last couple of years preparing
21 for the testimony, we think that all of the areas that
22 were requested were of importance. There are needs
23 and requirements in each of these areas, that's why we
24 tried to include the areas that we felt were being --
25 where the relief was needed. And if you had to

1 qualify them, I could rank that for you, if you
2 wanted, in part of the posthearing testimony or
3 however you want me to do it.

4 I'd like to give a little thought to that.
5 Off the head I could give you a random rating, but I'd
6 rather do that with a little more intelligence and
7 time.

8 MR. WAHLEN: I think it would be interesting
9 to get that as a late-filed exhibit if he wouldn't
10 mind providing it.

11 COMMISSIONER JOHNSON: Are you requesting
12 it, or is Staff requesting a late-filed?

13 MS. CANZANO: We will request it.

14 COMMISSIONER JOHNSON: Give me a short
15 title.

16 MS. CANZANO: Ranking of route in order of
17 importance, importance of need.

18 COMMISSIONER JOHNSON: It will be identified
19 as Late-Filed Exhibit 9.

20 (Late-Filed Exhibit No. 9 identified.)

21 COMMISSIONER KIESLING: Just so that I'm
22 clear, it's importance to Polo Park?

23 MS. CANZANO: Yes.

24 MR. HILKIN: Oh, you are limiting it to Polo
25 Park now and not the other communities?

1 COMMISSIONER KIESLING: No, no. In order to
2 figure out what the importance in something is, it has
3 to be in relationship to something else. It's either
4 more important than or less important than.

5 MR. HILKIN: But you are only allowing Polo
6 Park input to measure that, as opposed to the other
7 communities?

8 COMMISSIONER KIESLING: How would you
9 measure it otherwise, which calling route is more
10 important or less important to the residents of Polo
11 Park? Because obviously, someone who lives 10 miles
12 down the road might have a different level of
13 importance.

14 MR. HILKIN: I thank you. I'll approach it
15 from that standpoint.

16 MS. CANZANO: Thank you, Mr. Hilkin. Staff
17 has no further questions.

18 COMMISSIONER GARCIA: Mr. Hilkin, I wanted
19 to ask you what you thought of the GTE plans that were
20 offered.

21 MR. HILKIN: Well, frankly, I'm confused.
22 With the spread of rates that are being considered, I
23 think the feeling is that a flat rate extended area
24 calling charge, whether it's \$3 to \$4 a month more, to
25 give that extended service is really what we are

1 looking for, as opposed to the 25 cent add on, add on
2 in a continuing charge up. I think this is what the
3 impact is of certainly the people in Polo Park. And I
4 sense from the people who were witnesses today that
5 they also feel the same way.

6 COMMISSIONER GARCIA: If I went into -- and
7 I asked the same question of people, and I know you
8 can't speak for other people, but I just want to get
9 your gut reaction -- people in Haines City about doing
10 what you suggest, what do you think their response
11 would be?

12 WITNESS HILKIN: The people in Haines City?

13 COMMISSIONER GARCIA: Yeah.

14 WITNESS HILKIN: I think the people in
15 Haines City have a different interest level than we
16 do. If their indication is, from what I read in the
17 paper, that they are only interested in getting relief
18 to Lakeland and Bartow which is a county seat, their
19 interest level is entirely different than ours.

20 COMMISSIONER GARCIA: All right. Thank you.

21 COMMISSIONER JOHNSON: Any other questions?
22 Seeing none, Exhibit 8, show admitted without
23 objection; and that was your composite exhibit. And
24 Exhibit 9 is a late-filed. Thank you, sir, very much.

25 Staff, are there any other matters that we

1 need to handle at this point in time?

2 MS. CANZANO: No, there are none.

3 MR. WAHLEN: What about a date for
4 late-filed exhibits?

5 COMMISSIONER JOHNSON: You would like to
6 have the dates and the deadline? Oh, for the
7 late-filed exhibits.

8 MS. CANZANO: When do you think you can meet
9 them, because obviously you all need to prepare your
10 briefs?

11 COMMISSIONER JOHNSON: When are briefs due?

12 MS. CANZANO: Briefs are due July 22nd, and
13 the transcripts are due June 27th.

14 COMMISSIONER JOHNSON: Mr. Gillman, how much
15 time do you think you are going to need to have those
16 late-filed prepared?

17 MR. GILLMAN: My witness just advised me
18 he's going to be out of town all next week. Would two
19 weeks be too long?

20 COMMISSIONER JOHNSON: Any objections to two
21 weeks by the parties?

22 COMMISSIONER KIESLING: Wait, wait. What
23 day is that? Isn't that after the briefs?

24 MS. CANZANO: The briefs due July 22nd.

25 COMMISSIONER KIESLING: Oh, I thought you

1 said June 22nd. Sorry.

2 COMMISSIONER JOHNSON: Mr. Hilkin.

3 MR. GILLMAN: Commissioner, I have some
4 letters here from people who could not be here, they
5 are out of town. And I wondered if that could be put
6 into the correspondence file so you can get a flavor
7 of their interest and needs and concerns.

8 COMMISSIONER JOHNSON: Certainly. If you
9 could just give those to our legal counsel, we will
10 make sure that's taken care of.

11 MR. HILKIN: Fine.

12 COMMISSIONER JOHNSON: Now, on the two week,
13 was that sufficient? No one objected to the two week
14 submission for the late-filed? Okay.

15 And, Mr. Hilkin, that also includes your
16 late-filed, the ranking. You need to get that in
17 within two weeks. Is that fine?

18 MR. HILKIN: That's fine with me. Now, how
19 does that relate to the posthearing --

20 COMMISSIONER JOHNSON: I think counsel is
21 going to give the other deadlines and dates at this
22 time.

23 MS. CANZANO: The transcripts are due June
24 27th. The briefs of all the parties are due July
25 22nd. The Staff will file a Staff recommendation on

1 August 22nd. And the Commission is scheduled to vote
2 on this matter September 3rd.

3 COMMISSIONER JOHNSON: Very good. Any other
4 matters? Seeing none, this hearing is adjourned and
5 will be reconvened at 6:00 p.m. to take further
6 customer testimony. Thank you very much.

7 (Thereupon, the hearing adjourned at 3:30
8 p.m. to reconvene at 6:00 p.m., at the same address.)

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10 (Transcript continues in sequence in
11 Volume 3.)

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