



GTE Telephone Operations

One Tampa City Center
Post Office Box 110, FLTC0007
Tampa, Florida 33601
813-224-4001
813-228-5257 (Facsimile)

ORIGINAL
FILE COPY

Marceil Morrell**
Vice President & General Counsel - Florida

Associate General Counsel
Anthony P. Gillman**
Leslie Reicin Stein*

Attorneys*
Kimberly Caswell
M. Eric Edgington
Ernesto Mayor, Jr.

* Licensed in Florida
** Certified in Florida as Authorized House Counsel

July 22, 1996

Ms. Blanca S. Bayo, Director
Division of Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 930173-TL
Petition by the residents of Polo Park requesting extended area service (EAS) between the Haines City exchange and the Orlando, West Kissimmee, Lake Buena Vista, Windermere, Reedy Creek, Winter Park, Clermont, Winter Garden and St. Cloud exchanges

Dear Ms. Bayo:

ACK Please find enclosed for filing an original and fifteen copies of GTE Florida Incorporated's Post-Hearing Statement in the above matter. Also enclosed is a diskette with
AFA a copy of the Post-Hearing Statement in WordPerfect 5.1 format. Service has been
APP made as indicated on the Certificate of Service. If you have any questions, please
CAF contact the undersigned at 813-228-3087.

CMU *Chase*
CTR Very truly yours,

EAG
LEC
LIN *Anthony P. Gillman*
Anthony P. Gillman

OPC APG:tas
RCH Enclosures
SEC
WAS A part of GTE Corporation
DTH

RECEIVED
MAR 22 1996
RECORDS

DOCUMENT NUMBER-DATE

07689 JUL 22 96

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by the residents of Polo Park) Docket No. 930173-TL
requesting extended area service (EAS) between) Filed: July 22, 1996
the Haines City exchange and the Orlando, West)
Kissimmee, Lake Buena Vista, Windermere,)
Reedy Creek, Winter Park, Clermont, Winter)
Garden and St. Cloud exchanges)
_____)

GTE FLORIDA INCORPORATED'S POST-HEARING STATEMENT

GTE Florida Incorporated (GTEFL) files its post-hearing statement in accordance with Commission rule 25-22.056 and the procedural orders in this case.

GTEFL's basic position in this case is that the petitioners deserve some form of toll relief, but no mandatory extended area service (EAS) or other alternative toll relief plan should be imposed upon them. GTEFL has recommended several local calling plan (LCP) options among which customers could choose as alternatives to their current service. Because customers have diverse calling needs and patterns, GTEFL's LCPs are the best way to meet each customer's particular needs. This customized and fully voluntary approach is certainly more consumer-oriented than any one-size-fits-all plan the Commission would impose on all subscribers. This fact was confirmed by the testimony of public witnesses, who generally rejected a mandatory \$.25 plan proposal in favor of an approach offering optional choices. Finally, GTEFL's solution also avoids issues concerning the Commission's inability to determine community of interest, as it is required to do before implementing any form of toll relief.

Following are GTEFL's specific positions on the issues presented in this proceeding.

Issue 1: Is there a sufficient community of interest on the routes listed in Table A [in the procedural order] to justify surveying for nonoptional extended area service as currently defined in the Commission rules, or implementing an alternative toll plan?

Summary of Position: *** This question cannot be answered because the calling statistics required to determine community of interest under the Commission's rules are not available. Because the Commission cannot resolve this issue, it should not order any type of mandatory toll relief. ***

Position: Before the Commission orders any form of toll relief, it must determine that a sufficient community of interest exists. Rule 25-4.061(1). Under the Commission's rules, community of interest is to be evaluated through detailed usage studies calculating customers' monthly calling patterns between exchanges involved in an EAS request. Rule 25-4.060(3). The rules prescribe specific calling levels that must be met for the Commission to find a preliminary showing of community of interest. Rule 25-4.060(3). If the interexchange traffic patterns over any given route do not meet these prescribed community of interest qualifications, the Commission may then consider other, unspecified community of interest factors. While alternatives to nonoptional, flat-rate EAS may be ordered even if the rules' traffic prescriptions are not met, the Commission is still required to study interexchange traffic patterns before ordering any alternate relief. Rule 25-4.064.

In this case, the toll calling statistics which the Commission needs to evaluate community of interest are unavailable. The routes at issue have been considered interLATA (or long-distance toll) in nature. They have thus been served by interexchange carriers (IXCs), rather than GTEFL. In the past, GTEFL was able to compile reasonably complete interLATA toll statistics because it performed rating and recording of calls for AT&T. However, AT&T took back these functions some time ago, such that GTEFL no longer has access to this toll data. As such, in March of 1994, the Commission excused GTEFL from filing interLATA traffic data in this docket and recognized that GTEFL is unable to provide traffic data in the format required by the EAS rules. (Robinson/GTEFL, Direct Testimony (DT) at 4-5, Tr. 142-43.).

In the absence of toll calling data, the Commission cannot, consistent with its rules, determine whether a sufficient community of interest exists to survey for any type of toll relief. There is no way of telling whether the specified calling levels have been met to justify traditional EAS, and the Commission cannot consider other community of interest factors that might nonetheless warrant EAS until it has evaluated the requisite calling statistics. Likewise, the Commission cannot order an alternate to EAS until it has analyzed traffic patterns and found them lacking for traditional EAS.

Issue 2: What other community of interest factors should be considered in determining if either an optional or nonoptional toll alternative should be implemented on these routes?

Summary of Position: **** If, contrary to GTEFL's analysis, the Commission finds it has the authority to consider other community of interest factors without first evaluating calling statistics, such factors could include location of schools, shopping areas, medical services, work centers, and the like. ****

Position: As GTEFL outlined in its response to Issue 1, above, non-numerical community of interest factors can only be considered after the Commission has determined that "interexchange traffic patterns over any given route do not meet prescribed community of interest qualifications." Rule 25-4.060(5). In this case, no such calling data are available. The Commission has only anecdotal testimony of a very small fraction of the thousands of subscribers in the area under review. Moreover, the customers who attended the hearings very likely have a higher level of interest in toll relief than others who did not attend. Particularly in light of these facts, the anecdotes, while helpful, certainly do not rise to the level of the "interexchange traffic patterns" the Commission needs to know whether the prescribed community of interest qualifications have been satisfied. Complete and objectively verifiable calling statistics are necessary to ensure that the strength of the community of interest closely matches any plan that may be ordered. See Rule 25-4.061(1).

If, however, the Commission finds that it has the authority to order either an optional or nonoptional plan despite the lack of traffic data, it will be compelled to base its decision on unquantifiable, societal factors. Factors which could potentially affect calling rates between exchange include, for example, the location of school district boundaries, major

shopping areas, medical services, large plants or offices, and natural neighborhood boundaries not coincident with exchange boundaries. Again, however, GTEFL believes that the Commission's rules contemplate consideration of such ultimately unmeasurable elements only in conjunction with traffic data, not as stand-alone reasons for pursuing an EAS request. (Robinson/GTEFL, DT 5-6.). Without calling statistics, the Commission cannot know for sure if and to what degree the apparent potential for higher than average calling between exchanges has been realized.

Issue 3: If a sufficient community of interest is found on any of these routes, what is the economic impact of each plan on the company (summarize in chart form and discuss in detail)?

- a) EAS with 25/25 plan and regrouping;
- b) Alternative interLATA toll plan;
- c) Other (specify)

Summary of Position: ** Without interexchange calling data, GTEFL cannot determine the economic effect of EAS or any Commission-mandated alternative plans, such as extended calling service or measured ECS. GTEFL's LCPs would obviate any need for the Commission to resolve the economic impact question. **

Position: As GTEFL explained above, it believes the Commission's legal authority to order an EAS or alternative interLATA plan without any traffic data is dubious. Therefore, the

discussion of options a and b, below, assume (contrary to GTEFL's view) that the Commission can develop a legally acceptable way of reliably measuring community of interest in the absence of traffic statistics.

a) EAS with 25/25 plan and regrouping: The financial impact on the Company would be determined using current regrouping and 25% additive guidelines. This exercise would very roughly indicate that the R1 rate would change from the existing \$10.86 to \$14.76 if all routes were included. This yields approximately \$1,300,000 in new annual revenue. This figure, however, must be reduced by the amount of GTEFL's displaced access revenues and a potentially additional expense charged to GTEFL for terminating access for each minute of EAS calls GTEFL terminates to a customer of another local exchange company. GTEFL cannot calculate these displaced revenues and expenses without the kind of IXC data that, as stated earlier, is now unavailable to it. Therefore, GTEFL cannot reliably estimate the annual net gain or loss of this type of plan at this time. (Robinson DT at 7-8).

The inability to gather reliable evidence of the economic impact of EAS on GTEFL is a further obstacle to ordering toll relief. Under Rule 25-4.061, the Commission must consider the effect of the plan on the implementing companies' earnings. If there is no way of making this analysis--as in this case--the Commission cannot properly order the EAS.

b) Alternative interLATA toll plan: This option presumably contemplates a Commission-mandated extended calling service (ECS) plan or modified ECS (such as

measured extended calling or MECS), rather than EAS. This type of plan would be designed to be revenue neutral to GTEFL. All access revenue loss combined with new access expense would be added and spread in some fashion to all Haines City customers in a combination of per-line additives and current message rates for business. Because, as discussed above, these calculations would require additional data from the IXCs, GTEFL cannot determine monthly line additive levels. (Robinson DT at 8.). This absence of data raises the same rule compliance problem noted for option a above. The Commission's rules require it to determine the effect of any toll relief plan on the telecommunications company's earnings. Because a proper analysis is impossible in this case, no mandatory toll relief should be ordered.

c) Other. This category would include the market-oriented approach GTEFL has recommended with its LCPs. The Commission would not be required to consider the economic effect of implementation of the LCPs on GTEFL. As such, this fully optional approach would avoid any problems of Commission compliance with the prerequisites for implementing toll relief.

Issue 4: Should subscribers be required to pay an additive as a prerequisite to surveying for extended area service or an alternative interLATA toll plan? If so, how much of a payment is required and how long should it last?

Summary of Position: ** GTEFL believes that each customer should be able to choose whether he wants to change his service, including whether he wants to pay any additional money for monthly service. Although GTEFL recommends against any nonoptional plan--with or without an additive--customers should be surveyed if the Commission orders any such plan. **

Position: GTEFL believes that any relief granted the petitioners should be fully optional, so that no customer is forced to pay an additive or other charges for expanded calling he may not want. Under GTEFL's LCP approach, each customer could choose the option that best meets his local calling needs and budget. He might simply retain his current service, without any additive or change to the existing monthly rate, and continue to pay toll rates when calling other exchanges. Or he could choose from one of four LCP options GTEFL has designed (and which are explained in detail below). (Robinson/GTEFL, Tr. 142-45, DT 9-10.).

The public testimony at the hearing confirmed that any one-size-fits-all approach is not the best way to resolve this docket. Customer needs and situations vary. As such, single witnesses confirmed that they could not speak for other people or other groups within the area at issue:

“ I can only speak for myself. I can only speak for the people who live in my neighborhood.” (Maloy, Tr. 72.).

"If we could have as many options as possible because there are different situations that affect different people in different ways...." (Malatesta, Tr. 104.).

"I know just speaking from my own family, we have to be very careful on how long we talk." (Romans, Tr. 31.).

"I think everybody is going to be different." (Romans, Tr. 31.).

"I can't speak for the people in all these communities." (Hilkin, Tr. 218.).

MS. CANZANO: "Do you believe that the Polo Park area, which is a pocket of the Haines City exchange, has different calling requirements than other customers in the exchange?"

WITNESS HILKIN: "We feel that because our calling patterns are to the north and east of us that, yes, we are in a pocket area and our needs are not calling back to the Haines City area." (Hilkin, Tr. 222.).

MR. GILLMAN: "[M]ight there be some people who don't have a need to call Orlando in the area?"

WITNESS ROMANS: "You are talking about a pretty widespread area. I mean, we're going all the way to Haines City. And I suppose the people who live in Haines City have less of a need." (Tr. 31-32.).

"I don't make all that many calls, and it's not to say that I won't. But some are certainly going to use it a lot more than others, and I can appreciate their situation. So there's no blanket answer to this sort of thing." *** "I'm not setting one faction against the other, but I would realize the fact that this meeting is here, that Polo Park is heavily influenced here. But I wanted you to know that they are not the only ones. *** I'm aware of the situation, and I think we have as much right here as anyone from Polo Park. And I haven't heard anybody speak of our particular situation." (Cash, Tr. 46-47.).

"I think the people in Haines City have a different interest level than we do. If their indication is, from what I read in the paper, that they are only interested in getting relief to Lakeland and Bartow which is a county seat, their interest level is entirely different than ours." (Hilkin, Tr. 225.).

Any mandatory plan cannot meet everyone's needs. In particular, the so-called \$.25 plan (where subscribers pay \$.25 for each call made) met with almost uniform disfavor among the public witnesses:

MS. CANZANO: "Would you favor a 25 cents per call for residential service?"

WITNESS ROMANS: "I'm sorry, now you are asking me if I would want to be charged an extra 25 cents to go ahead and make a call to Orlando?"

MS. CANZANO: "Per call"

WITNESS ROMANS: "I don't think so....I would rather just pay a flat fee." (Tr. 32.).

"I will not accept the 25 cents a call...." (Noblitt, Tr. 49.)

"I'll pay the \$4 extra a month or whatever, but I don't want to pay an extra quarter to call—I mean, a quarter every time I call somewhere. It's not going to solve the problem. We shouldn't have to. Pure and simple, we shouldn't have to." (Noblitt, Tr. 53.).

Given the level of witness opposition to the \$.25 plan, it is puzzling that Polo Park, in its posthearing brief, would state that the "overall strong feeling of Polo Park residents (as well as the hearing witnesses) is that an alternative non-optional ECS plan, with a set per call charge would be the most appropriate" in this case. (Brief of Polo Park Residents at 1.). This is particularly surprising given the fact that the President of the Polo Park Homeowners Association, who filed the posthearing brief, himself testified against a \$.25 nonoptional plan.:

"I believe from the expressions that I've heard from our own community and from other communities that we really need the flat rate approach because the 25 cent all, this may be an excessive costs." (Hilkin, Tr. 218; see also Tr. 224-25.).

GTEFL cannot explain this inconsistency, but the sworn record evidence should control over unsupported statements in a posthearing brief.

Although the \$.25 plan is, as Staff pointed out at the hearing, optional in the sense that customers can choose not to make calls, (Tr. 162-163), GTEFL believes that, based on the public witnesses' testimony, customers would not consider foregoing calls as a satisfactory option. Certainly, a true array of options--such as GTEFL has proposed and which includes a flat-rate alternative--better meets individual needs than a Commission-mandated plan which is optional only in the sense that the customer can choose not to make a desired call. And because the record contains virtually no evidence to support adoption of a mandatory plan, (and plenty of evidence against it), especially a \$.25 plan, approval of such a nonoptional plan would be arbitrary and capricious.

In contrast to any Commission-mandated \$.25 plan, the witnesses asked seemed amenable to a fully optional approach (which is what GTEFL has recommended), rather than a nonoptional plan:

"I'm not sure exactly what the answer to this problem is. I hope that you'll try to provide as many options as possible to give people a sense of what different kind of options are available. Because just to say, "Well, this is the solution, here you go," I don't think, is going to be satisfactory....I think the most options we could get, the better." (Malatesta, Tr. 104.).

MR. GILLMAN: "Would you prefer an optional plan as opposed to a plan that would be applied to every customer?"

WITNESS ROMANS: "I think so, yes. People are used to seeing a lot of options available to them....I think everybody is going to be different. Yeah, I'd prefer an option."
(Tr. 31.).

"[W]hat we depend on you people in office to do for us, is to look for the simplest, easiest way that doesn't hurt everybody." (Venditti, Tr. 60.)

GTEFL's LCPs include an option for those customers, like those quoted above, who wish to avoid per-call charges. This premium calling option, discussed in more detail below, would permit flat-rate calling to all exchanges involved in the request for an estimated rate of between \$25 and \$40 per month. Certainly, this is a big drop from the petitioning witnesses' current bills, which ranged from \$100 to \$350 per month. (Chapman, Tr. 57; Melville, Tr. 77; Maloy, Tr. 69; Werner, Tr. 98.) GTEFL witness Robinson estimated that, for customers with bills in the \$100-\$120 range, the premium calling LCP could reduce those bills by as much as 70%. (Tr. 148.).

In addition, for those customers who would still prefer to incur per-call charges, three different measured service options are available. Each individual customer can, of course, best determine which option would give him the most of what he wants for the lowest cost.

As GTEFL witness Robinson explained, (DT at 10-11, Tr. 149), the LCP options are as follows:

1. **Basic Calling.** The customer would pay a reduced local access line rate and all local calls, including calls to his home exchange (in this case, Haines City), as well as those to his current and expanded local calling area, would be billed at optional local measured usage rates on a per-minute basis. The R1 rate for this option is estimated to be between \$6.75 and \$7.25, while the B1 rate would be between \$17.00 and \$18.00.

2. **Community Calling.** The customer would pay a slightly reduced local access line rate (as compared to the existing local flat rate) and would have flat rate calling to his home exchange only. All other local calls within the current and expanded local calling area are billed at local measured usage rates. The R1 rate estimate would be between \$9.50 and \$10.50. B1 customers would not be offered this option.

3. **Community Plus.** The customer pays a higher rate for local access in comparison to his current flat rate service. He has flat-rate calling to his home exchange and selected nearby exchanges while all other local calls in the expanded local calling area are billed at local measured usage rates. These selected exchanges are generally those to which customers currently enjoy flat-rate EAS. In the Haines City example, the exchange would be Haines City, Winter Haven and Lake Wales. The R1 rate estimate for this option would be between \$13.25 and \$14.25 per month, while a B1 estimate would be between \$32.00 and \$35.00.

Pricing for local measured usage under the above three options would be determined by the airline distance to the expanded exchange from the home exchange of Haines City. GTEFL witness Robinson detailed the rate bands in his Direct Testimony. (Robinson DT, Ex. DER-2, Tr. 148).

4. Premium Calling. The customer pays a premium flat rate and may make an unlimited number of calls, without regard to duration, to all exchanges within the current and the expanded local calling area. The R1 estimate would be between \$25.00 and \$40.00. This option would not be available to business customers.

If, despite GTEFL's recommendation for fully optional toll relief, the Commission decides to order a nonoptional plan, customers should certainly be surveyed about any additives before such additives are assessed.

Issue 5: If a sufficient community of interest is found, what are the appropriate rates and charges for the plan to be implemented on these routes?

Summary of Position: ** Rates and charges for nonoptional toll relief would be determined through customary methods. GTEFL's optional LCPs would be priced to cover their costs and assure customers attractive calling options that closely fit their needs. **

Position: The specific rates and charges would, of course, depend on the nature of the toll relief implemented.

For option a, above, the 25/25 plan and regrouping, the appropriate rates would be those determined under the existing 25/25 formula. No message charges would be assessed. The rates would only be appropriate provided the formula was applied correctly. GTEFL could either gain or lose revenue, depending on how costs compared with new revenue generation.

For an alternative interLATA toll plan in option b, above, an additive to the monthly rate would have to be calculated and set. Balloting the customer base and then assessing the levels of acceptance would determine if the rates were appropriate. The additives could only be appropriate if they both covered GTEFL's costs to offer the expansion and simultaneously the majority of customers agreed to pay the new monthly additive rate levels to be applied to all customers. Message rates for residence and minute rates for business would also apply. GTEFL would be made whole in this scenario, if the customer accepted all new rate levels.

Under GTEFL's LCPs, option c, above, rates and charges would be set to cover costs and assure customers attractive calling options that best fit their particular needs. Again, appropriate rate levels could be determined by the level of customer selection of each LCP option.

Issue 6: If extended area service or an alternative interLATA toll plan is determined to be appropriate, should the customers be surveyed?

Summary of Position: ** If the Commission determines some nonoptional plan is appropriate, customers should be surveyed. Without toll traffic data, the survey will be the only indicator of whether customers in general like a particular plan and would be willing to pay a specified, higher amount for it. **

Position: If the Commission determines that it has the authority to find an EAS or alternative toll plan appropriate even without benefit of toll traffic data, then customers should definitely be surveyed before any mandatory plan is implemented. Indeed, the survey takes on critical importance in the absence of any calling statistics that would more completely and objectively indicate potential consumer acceptance of a proposed EAS or alternative interLATA plan. The survey would be the only way of knowing whether the customer group as a whole likes a mandatory expansion plan and would be willing to pay a specified amount more per month for it. If the Commission adopts the optional LCP approach, Commission rules would not require a survey.

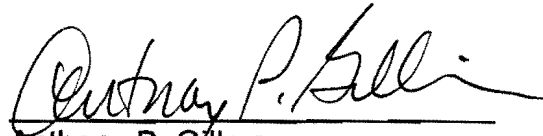
Surveys are essential for obvious fairness reasons when there is a possibility that all customers will be forced to change their service and/or pay additional or different rates. However, because GTEFL's LCPs would be strictly optional, and no customer would be forced to pay more or change his existing service, a mandatory survey would not be a

useful or meaningful tool if the Commission sanctions the LCP approach to resolve this docket.

Conclusion

GTEFL believes that, in the absence of interexchange traffic data, the Commission cannot, consistent with its rules, order any form of mandatory toll relief. Further, it would be arbitrary and capricious for the Commission to order a plan with inadequate support in the record. In any case, GTEFL urges the Commission to reject any nonoptional relief in favor of GTEFL's fully optional approach, which is designed to meet consumers' differing calling needs. While GTEFL could theoretically offer its LCPs even if the Commission orders a nonoptional plan, this is not a realistic possibility. If all customers were compelled to take a mandatory Commission plan, GTEFL's offerings would effectively be negated, even if they were more desirable. (Robinson, Tr. 167.).

Respectfully submitted on July 22, 1996.



Anthony P. Gillman
Kimberly Caswell
P. O. Box 110, FLTC0007
Tampa, Florida 33601-0110
Telephone No. (813) 228-3087

Attorneys for GTE Florida Incorporated

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Post-Hearing Statement in Docket 930173-TL were sent by U. S. mail on July 22, 1996, to the parties listed below.

Staff Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Office of Public Counsel
c/o The Florida Representatives
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400

John B. Hilkin, President
Polo Park Homeowners Association
235 Jackson Park Avenue
Davenport, FL 33837


Anthony P. Gillman