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**ORIGINAL
FILE COPY**

March 11, 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:

Please find enclosed for filing an original and fifteen copies of the Direct Testimony of David E. Robinson on behalf of GTE Florida Incorporated in the above-referenced matter. Also enclosed is a diskette with a copy of the testimony in WordPerfect 5.1 format. Service has been made as indicated on the Certificate of Service. If you have any questions, please contact the undersigned at 813/228-3087.

Very truly yours,

Anthony P. Gillman

APG:tas
Enclosures

A part of GTE Corporation

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FPSC-RECORDS/REPORTING

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the Direct Testimony of David E. Robinson on behalf of GTE Florida Incorporated in Docket 930173-TL was sent by U. S. mail on March 11, 1996, to the parties listed below.

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2540 Shumard Oak Boulevard
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John B. Hilkin, President
Polo Park Homeowners Association
235 Jackson Park Avenue
Davenport, FL 33837


Anthony P. Gillman

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: 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)
_____)

Docket No. 930173-TL
Filed: March 11, 1996

DIRECT TESTIMONY
OF
DAVID E. ROBINSON
ON BEHALF OF
GTE FLORIDA INCORPORATED

DOCUMENT NUMBER-DATE

02987 MAR 11 88

FPSC-RECORDS/REPORTING

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.

5

6

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TABLE A

REQUESTED INTERLATA ROUTES FOR EAS	
FROM:	TO:
Haines City (Except Poinciana 427 pocket)	Kissimmee, West Kissimmee
Haines City	Orlando, Lake Buena Vista, Windermere, Reedy Creek, Winter Park, Clermont, Winter Garden, St. Cloud
Haines City (Including Poinciana 427 pocket)	Orlando, Lake Buena Vista, Windermere, Reedy Creek, Winter Park, Clermont, Winter Garden, St. Cloud

REGULAR DAYTIME RATES 8 A.M. TO 9 P.M. WEEKDAYS

DISTANCE BANDS	AIRLINE MILES	SET-UP PER CALL	RATE PER MINUTE
LOCAL	--	\$.02	\$.01
A	1-10	.03	.02
B	11-16	.04	.03
C	17-22	.05	.04
D	23-30	.05	.06
E	31-40	.05	.09

EXAMPLE LCP CALLING AREA FOR HAINES CITY

LCP OPTION NO. & NAME	LOCAL FLAT RATE AREA	LOCAL USAGE AREA	BAND A USAGE AREA	BAND B USAGE AREA	BAND C USAGE AREA	BAND D USAGE AREA	BAND E USAGE AREA
ONE, BASIC	NONE	HAINES CITY	WINTER HAVEN	LAKE WALES	KISSIMMEE, LAKE BUENA VISTA, REEDY CREEK, WEST KISSIMMEE	ST. CLOUD, WINDERMERE	CLERMONT, ORLANDO, WINTER GARDEN, WINTER PARK
TWO, COMMUNITY	HAINES CITY	NONE	WINTER HAVEN	LAKE WALES	KISSIMMEE, LAKE BUENA VISTA, REEDY CREEK, WEST KISSIMMEE	ST. CLOUD, WINDERMERE	CLERMONT, ORLANDO, WINTER GARDEN, WINTER PARK
THREE, COMMUNITY PLUS	HAINES CITY, LAKE WALES, WINTER HAVEN	NONE	NONE	NONE	KISSIMMEE, LAKE BUENA VISTA, REEDY CREEK, WEST KISSIMMEE	ST. CLOUD, WINDERMERE	CLERMONT, ORLANDO, WINTER GARDEN, WINTER PARK
FOUR, PREMIUM	HAINES CITY, LAKE WALES, WINTERHAVEN, KISSIMMEE, LAKE BUENA VISTA, REEDY CREEK, WEST KISSIMMEE, ST. CLOUD, WINDERMERE, CLERMONT, ORLANDO, WINTER GARDEN, WINTER PARK	NONE	NONE	NONE	NONE	NONE	NONE