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April 16, 1998

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

Re: Docket No. 970990-TL
Proposed tariff filing by GTE Florida Incorporated to transfer a portion
of the Sarasota exchange into the Bradenton exchange

Dear Ms. Bayo:

Please find enclosed an original and fifteen copies of GTE Florida Incorporated's
Posthearing Statement for filing in the above matter. Also enclosed is a diskette with a
copy of the Posthearing Statement in WordPerfect 6.1 format. Service has been made
as indicated on the Certificate of Service. If there are any questions regarding this
matter, please contact me at (813) 483-2617.

ACK
AFA _____
APP _____ Very truly yours,

CAF _____
CMU Anthony P. Gillman
CTR _____
EAG _____

Kimberly Caswell

LEG 1 KC:tas
LIN 3 Enclosures

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A part of GTE Corporation

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FPSC-RECORDS/REPORTING

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing by) Docket No. 970990-TL
GTE Florida Incorporated to) Filed: April 16, 1998
transfer a portion of the Sarasota)
exchange into the Bradenton exchange)

GTE FLORIDA INCORPORATED'S POSTHEARING STATEMENT

GTE Florida Incorporated (GTEFL) files its posthearing statement in accordance with Commission Rule 25-22.038(3) and the Order Establishing Procedure (no. PSC-97-1398-PCO-TL) in this case.

GTEFL's General Position

GTEFL's proposed tariff to transfer a small part of the Sarasota exchange into the Bradenton exchange responds to a developer's request to serve a new development from a single exchange and to obtain the capability to provide the latest in telecommunications services. (Scobie, Tr. 14.) After GTEFL filed its tariff, the Commission determined that GTEFL should ballot the affected customers to determine whether the transfer should occur. (Order no. PSC-97-1029-FOF-TL, Aug. 27, 1997). That ballot has been delayed by the tariff protest and hearing requested by Sarasota Equine Associates (SEA).

During this proceeding, SEA produced no evidence to override the Commission's original decision that the affected customers should decide whether they want the proposed transfer. The fairest approach would be to allow all affected customers to vote on the transfer, rather than simply halting or modifying the transfer based on one customer's unsubstantiated claims of potential financial harm. Even if the ballot passes,

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SEA's concerns about transfer to the Bradenton exchange can be allayed through the use of remote call forwarding (RCF).

Although GTEFL believes that RCF is the best solution to SEA's concerns, another option would be for the Commission to order GTEFL to serve SEA through a cross boundary service arrangement under which SEA would be served from the Sarasota Springs central office, where it is physically located, and pay only normal business rates. This is the only other way SEA could remain in a Sarasota exchange without unreasonable expense to the Company.

GTEFL's Specific Positions

Issue 1: Would transferring a portion of the Sarasota exchange to the Bradenton exchange create unreasonable expenses for the affected customers?

**** The only way to answer this question is to allow the affected customers to vote on the transfer. If it would create unreasonable expenses for them, they will vote against it. ****

The only way to know whether the proposed transfer will create unreasonable expenses for the affected customers is to give them an opportunity to vote on the transfer. If the transfer would be too expensive for them (or if they object to it for other reasons), they will vote against it.

It is important to emphasize that the issue presented for resolution here is the effect on all customers, not just on SEA, the only party which protested the transfer tariff. There is no evidence in the record to assess the potential financial benefits or detriments of the transfer for all affected customers. Indeed, it would be impossible to gather information

on each individual's preferences through the hearing process. As noted, a ballot is the only way to obtain this information.

Because the issue contemplates an evaluation of the financial impact on all customers in the transfer area, the Commission cannot rationally take action in this docket on the basis of SEA's claims of financial harm. This is doubly true because not even SEA could show any reliable evidence of harm. If anything, the record tends to show that SEA's business will not suffer from a transfer to the Bradenton exchange.

Although it was not raised in SEA's protest that initiated this proceeding, (McGinty, Tr. 143), SEA's principal concern now is that the transfer will change local calls from Venice, North Port and Englewood into toll calls. (McGinty, Tr. 101-02.) Specifically, calls to and from Venice are now EAS, while calls to and from North Port and Englewood are ECS. (Scobie, Tr. 15.) The change to toll, SEA believes, will cause potential clients--in particular, clients in emergency situations--to believe that SEA is not in Sarasota, but somewhere more distant. (SEA Direct Testimony (DT) at 2; McGinty, Tr. 129-30.)

SEA could not quantify in any way the potential revenue losses it foresees in association with the transfer. (McGinty, Tr. 124.) Based on the testimony of SEA's witness, Dr. McGinty, GTEFL believes the claimed financial detriment will not come to pass. Dr. McGinty testified that most of SEA's business is obtained through word-of-mouth recommendations. (McGinty, Tr. 123.) As such, location will not be an issue for this largest segment of the business.

The transfer should also not affect Dr. McGinty's level of business from existing customers in Venice, North Port, and Englewood. At the hearing, Dr. McGinty produced

a list of about 300 clients in these locations. (The Polo Club itself represents about 15% of SEA's business. McGinty, Tr. 121.) Since these clients already have an existing relationship with SEA, they will know where SEA is and their decisions to use SEA in the future will be unaffected by SEA's transfer to the Bradenton exchange. As to the rest of SEA's business, Dr. McGinty raised concerns about transient and emergency customers. With regard to the former category, Dr. McGinty mentioned in particular horse shows that visit the Venice fairgrounds throughout the year. (McGinty, Tr. 121-22.) Dr. McGinty is the on-call veterinarian for those shows, at the request of the owner of the show grounds. (McGinty, Tr. 134-35.) Because he apparently has an ongoing arrangement for this on-call status, and because his number is posted throughout the show grounds, id., there is little possibility that his business will see any change in the amount of business generated by the show. Most participants will correctly assume that SEA is in the local area, whatever its telephone number, because SEA is the veterinarian promoted by the show grounds.

SEA's most serious concern is the potential loss of emergency and follow-up business. (McGinty, Tr. 124-25, 129-30.) SEA believes that putative clients will not call a toll number because they will believe SEA to be too far away to be of help in an emergency situation. First, GTEFL believes the very name of the firm--Sarasota Equine Associates--will tell the caller the office is, indeed, located in Sarasota. In any event, if missing emergency (or other calls) remains a concern for SEA, it could simply order remote call forwarding (RCF). With RCF, customers would still dial a local, toll-free number, just like they always have (presumably, SEA's former 355 number, which just changed to 907 in March). This solution would wholly eliminate SEA's fear that a toll

number would dissuade potential emergency or other new clients from calling SEA. (Scobie, Tr. 15.) Furthermore, SEA could keep the same listings it has today in the Venice, North Port and Englewood directories (as well as the Myakka and Palmetto directories), all of which are not SEA's "home" directories. (Scobie, Tr. 31.)

RCF costs \$16.00 a month, plus a local usage charge of 6 cents for the first minute and 2 cents for each additional minute (with a 50% reduction in usage rates for off-peak calls). (Scobie, Tr. 15.) Customers, however, would pay the same local, EAS or ECS rates they do today to reach SEA. (Scobie, Tr. 107.) If SEA is truly concerned about losing emergency or other calls, GTEFL believes RCF is a reasonably easy and inexpensive way to assure that there will be no business losses after the transfer.

As GTEFL witness Scobie testified, in December of last year, GTEFL had offered Dr. McGinty free RCF until the next directory publication, in an attempt to settle this case. (Scobie, Tr. 35.) SEA did not accept this offer, and, despite GTEFL's best efforts, SEA appears to still be uncertain as to the details of the RCF offering. Dr. McGinty did not know, for instance, the key facts that RCF would reflect a local number in the directory (McGinty, Tr. 130) and that customers would not see any increased costs for calls if RCF is implemented (McGinty, Tr. 151). SEA seems to have rejected RCF out of hand simply because it is different from the current arrangement, where no call forwarding is required, and because of SEA's desire to "keep it simple." (McGinty, Tr. 127.) GTEFL believes that RCF might be acceptable to SEA if the partners examined it more closely.

In summary, SEA's financial harm is purely speculative and unsupported by the record evidence. That evidence indicates that SEA's business will not likely suffer adverse

effects if the boundary change occurs. Indeed, Dr. McGinty apparently did not note any unusual increase in business when Englewood was changed from a toll to a local call two years ago. (McGinty, Tr. 135.) There is, conversely, no reason to expect that the level of business from Englewood (or from North Port or Venice) will change because once-local calls are now toll.

Even if SEA had produced reliable evidence of certain harm associated with the proposed transfer, that evidence alone would not be sufficient to ground any findings on this issue, which asks whether expenses will be unreasonable for "affected customers," not just for SEA. The Commission cannot use SEA's evidence—whether it is probative of harm to SEA or not—to draw broad conclusions about the potential financial effects of the transfer on the other affected customers—73 residential and 42 business at the latest count before the hearing. (Scobie, Tr. 88.) In fact, Dr. McGinty himself stated that the other customers interests' were likely to be different from his. (McGinty, Tr. 141-42.) As such, the only way the Commission can resolve the question posed is to go forward with the balloting it earlier ordered. If the transfer would be too expensive for affected customers as a whole, they will vote against it. The speculative concerns of just one customer should not stop all other affected customers from having a say in this matter, especially when RCF is available to allay the concerns of that one customer.

Issue 2: Should affected customers be balloted in order to determine if they are in favor of the boundary change?

**** Yes. SEA's speculative concerns should not prevent other affected customers from voting on the boundary change. ****

There should be no question as to whether balloting should occur. As explained above, the only way to determine whether customers want the proposed boundary transfer is to ask them. There is no need to speculate on their wishes when the Commission can know them for certain through the balloting process.

SEA has given no good reason to halt the ballot. In fact, Dr. McGinty testified that he is opposed to the ballot because he believes that other affected customers—specifically, residential customers—have different interests than he does. (McGinty, Tr. 141-42.) That is precisely why the ballot should go forward. It is only fair for the majority to decide what they want, rather than one customer in a unique situation.

Balloting is not inconsistent with SEA obtaining some resolution for its perceived problem. As an initial matter, the ballot may not pass. As more and more customers move into the subdivision, it becomes harder to predict where their interests lie. If the ballot does not pass, existing customers would keep the 907 number and remain part of the Sarasota exchange. Even if the ballot does pass, there are two reasonable solutions to SEA's concerns. As explained, GTEFL believes the best one is RCF. RCF will maintain as local, from the customer's perspective, those calls that are today local. RCF will thus eliminate SEA's fear that potential new customers will perceive SEA to be outside of Sarasota.

RCF will allow Dr. McGinty to continue to list his old Sarasota number (which is now on intercept) instead of the Bradenton number in exchanges outside of Bradenton. Although Dr. McGinty stated that giving him his old number back would be confusing for customers, GTEFL believes this concern is unfounded. Dr. McGinty's number was just

changed last month. When customers dial it, it is routed to an intercept message with the new number. If SEA uses the old number for RCF, the only difference is that it will not be on intercept any more. It will be forwarded directly to SEA's office. (Scobie, Tr. 156.)

The second option that could accommodate SEA if the ballot passes would be for the Commission to order GTEFL to serve SEA through a cross boundary serving arrangement at regular business rates. That way, the Commission (and GTEFL) could respond to SEA's unique situation and particular concerns without compromising the wishes of other businesses and residents or causing undue expense for GTEFL. In contrast, serving the entire Polo Club from the Sarasota exchange would require the Company to spend about \$20,000 more (Scobie Late-filed Ex. 3)--certainly, an unreasonable sum in light of the fact that it would be spent in response to only one customer's wholly speculative concerns about future lost revenues.

The cross boundary serving option would require SEA to change to a Sarasota Springs number. Although Dr. McGinty would not be expected to like this result, there is simply no way to allow him to remain in the Sarasota exchange and keep his current number. Even the \$20,000 solution noted above would require a number change--and not just for SEA, but for all Polo Club subscribers. Again, these customers just had their numbers changed in March. (Any directive to maintain the boundary where it is today would cause number changes for even more subscribers, in addition to creating substantial stranded investment associated with the remote switching unit GTEFL has placed in the development. Scobie, Tr. 67-68.)

Although there is no ideal solution, at least from SEA's perspective, any accommodation that might be made for SEA should not hold up balloting any longer. The balloting process has already been delayed eight months. Many customers have moved in since SEA filed its protest, substantially exacerbating the cross-boundary situation (most of the area at issue was vacant land when the transfer was proposed). (Scobie, Tr. 19-20, 44.) And despite Dr. McGinty's criticisms of the boundary change, the Commission should keep in mind that there are good reasons for it. Again, the majority of the total physical area of the development is within the Bradenton exchange. (Scobie, Tr. 17.) GTEFL proposed the transfer as the most efficient and rational response to a developer's request to service his entire subdivision from a single central office. This approach will eliminate the possibility of close neighbors being served from different exchanges. (Scobie, Tr. 14.) It would foster the sense of community the developer envisions, with at least some residents living and working within the development. (Scobie, Tr. 26.) Four-digit dialing would be possible within the development. (Scobie, Tr. 141.) Furthermore, service from the new remote switch unit will support advanced telecommunications services, such as ISDN, for both residences and businesses within the development. (Id.; Scobie, Tr. 42, 83.) Finally, both residential and business customers' basic local rates will go down if the transfer plan is approved. (Scobie, Tr. 28.) All affected customers (i.e., everyone who now has a Sarasota telephone number) should be allowed to weigh for themselves these benefits against the potential detriments of the transfer.

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