ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into Pricing of Unbundled Network Elements	)	Docket No. 990649-TP

REBUTTAL TESTIMONY OF

DAVID G. TUCEK

ON BEHALF OF

GTE FLORIDA INCORPORATED

SEPTEMBER 10, 1999

GTE FLORIDA INCORPORATED

DOCKET NO. 990649-TP

REBUTTAL TESTIMONY OF DAVID G. TUCEK

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David G. Tucek. My business address is 1000 GTE Drive, Wentzville, Missouri.

Q. ARE YOU THE SAME DAVID G. TUCEK WHO PREVIOUSLY FILED DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I respond to certain issues raised by BellSouth witness Caldwell and AT&T and MCI witness Ankum concerning the requirements for the cost studies to be submitted in the next phase of this docket. Specifically, I address Ms. Caldwell's proposal to use SCIS to estimate the switch-related costs of UNEs, and rebut Dr. Ankum's (1) recommendation to use the local exchange routing guide (LERG) to identify wire centers; (2) claim that T-1 technology is appropriate for use in a forward-looking cost model; and (3) recommendation to base the prices of network facilities and equipment on public sources of information. My rebuttal testimony also addresses the requirements for cost study support and documentation.

Q. AT PAGE 11 OF HER DIRECT TESTIMONY, MS. CALDWELL STATES THAT BELLSOUTH INTENDS TO UTILIZE SCIS AS A BASIS FOR MODELED SWITCHING COSTS. DOES GTE AGREE WITH THE USE OF SCIS?

A. Yes, it does. I am aware of only three models which are suitable for the development of the forward-looking costs of switching: (1) SCIS, developed by Bellcore; (2) CostMod, developed by GTE for the GTD-5; and (3) SCM, a proprietary model developed by US West. All three of these models correctly view the switch as, in Ms. Caldwell's words, "a multi-faceted entity that performs a number of functions". Other approaches to modeling switch costs that I have seen are flawed because they rely only on lines as the primary cost driver. As a consequence, such models attempt to divide the cost of the switch between local and toll via an arbitrary allocation factor and assume that the processor costs of the features are captured in the resulting line-related, or port, costs. The correct approach is to size the switch based on engineering rules and to partition the required investment between the various switch functions in accordance with the amount of resources each function requires.

Q. AT PAGE 35 OF HIS DIRECT TESTIMONY, DR. ANKUM STATES THAT THE LOCAL EXCHANGE ROUTING GUIDE (LERG) SHOULD BE USED TO IDENTIFY THE LOCATION OF THE INCUMBENT'S EXISTING SWITCH LOCATIONS. SHOULD THE COMMISSION

RELY EXCLUSIVELY ON THIS SOURCE OF INFORMATION?

A. No, it should not. While the LERG is a valuable source of information concerning host/remote relationships and the classification of remotes as either pair-gain or switching devices, the locations in the LERG are entered as vertical and horizontal coordinates that do not always translate into the correct latitude and longitude coordinates. GTE recommends that the Commission not rely on a single source for such information. In addition to the LERG, information sources such as the National Exchange Carriers Association wire center database, the Central Location On Line Entry System maintained by Telecordia, and company records should be used to insure that the modeled switch locations and relationships are correct.

Q. AT PAGE 35 OF HIS DIRECT TESTIMONY, DR. ANKUM RECOMMENDS THAT COARSE-GAUGE CABLE AND LOAD COILS BE REPLACED WITH T-1 TECHNOLOGY IN ORDER NOT TO IMPEDE THE PROVISION OF ADVANCED SERVICES. IS THIS POSITION CONSISTENT WITH THOSE ESPOUSED BY AT&T IN OTHER FORUMS?

A. No, it is not. For example in California Docket R.93-04-003/I.93-04-002, AT&T Witness John Lynott testified that a loop consisting of copper–based T-1 is not a forward-looking technology. (Deposition of John Lynott , Calif. P.U.C., Nov. 19, 1997, at 437). More recently, in their June 15, 1999, comments in FCC Docket No. 98-147, AT&T stated (at page 15):

"Because of the ongoing widespread deployment of ADSL modems, T1 deployment must be managed to promote more efficient utilization of copper cable plant without causing undue burden to carriers or significant service disruption to customers. AT&T therefore recommends that existing repeater-based T1s be:

- grandfathered, allowing for no further deployment within the loop plant.
- moved to separate binder groups. The Commission has noted that incumbent LECs currently assign T1s to segregated binder groups. To the extent a T1 is not in a separate binder group, it should be moved to one during any repair, maintenance or grooming activity to the T1.
- migrated to newer technology (e.g., replaced with HDSL or other similar technology) over a specified time frame (e.g. three years) if the preceding steps prove inadequate to accommodate the growing demand for advanced services."

Q. HAS THE FCC TAKEN A POSITION ON THE USE OF T-1 TECHNOLOGY IN THE COST MODEL DEVELOPED BY ITS STAFF FOR USE IN THE HIGH-COST SUPPORT DOCKET?

A. Yes. In its Further Notice of Proposed Rulemaking, the FCC

tentatively concluded that it should not use the T-1 option in the synthesis model, in part because it "may not be a forward looking technology." (FCC Docket Nos. 96-45 & 97-160, FNPRM, at para. 61 (May 27, 1999).) Consistent with this position, the proposed input values for the synthesis model on the FCC's Web site turn off the T-1 technology option.

Q. IS THIS TREATMENT OF THE T-1 INPUT CONSISTENT WITH THE FCC's RECOMMENDATION IN THE ADVANCED SERVICES PROCEEDING?

A. Yes, it is consistent. In the Advanced Services Docket (No. 98-147), the FCC stated "We strongly believe that industry should discontinue the deployment of well recognized disturbers (a disturber is a service that significantly degrades another service) such as AMI T-1. We further believe carriers should, to the fullest extent possible, replace AMI T-1 with new and less interfering technologies." (CC Docket 98-147, First Report and Order and Further Notice of Proposed Rulemaking, at para. 74 (March 31, 1999).)

It is clear from the foregoing that AMI T-1 impedes the provisioning of advanced services and is not a forward-looking technology. Any model that relies on this technology to provision extremely long loops (in excess of 12 kilofeet) should not be accepted by this Commission.

Q. SETTING ASIDE THE ISSUE OF T-1 AND ITS IMPACT ON

ADVANCED SERVICES, IS THERE ANY OTHER REASON WHY DR. ANKUM'S RECOMMENDED USE OF T-1 SHOULD BE REJECTED?

A. Yes. Dr. Ankum's recommendation is essentially a proposal to provision extremely long loops via an out-moded technology over a copper transmission medium. What the proposal overlooks is the cost of expanding capacity along this transmission path to accommodate increases in telecommunications demand. Once the capacity of the T-1 facility is reached, the only way to accommodate any increase in demand would be to deploy additional copper T-1 facilities. While this may be feasible in the real network if the additional copper facilities already exist, it is not feasible in the modeled network unless the model deploys more copper than is initially required. If the transmission medium was instead a fiber optic cable, increases in the demand for telecommunications services could be accommodated simply by changing the electronic equipment on each end of the cable -- a more cost-effective and forward-looking approach. Indeed, AT&T has recognized the desirability of fiber over copper in testimony filed in North Carolina. AT&T witness Donald J. Wood stated "There are existing DLC systems that utilize copper wire pairs, but forward-looking DLC architectures assume the use of fiber optics transmission facilities." (Supplemental Testimony of Donald J. Wood, AT&T Communications of the Southern States, Inc. and MCI Telecommunications, Inc., N.C. P.U.C., Docket No. P100, SUB 133d, Feb. 16, 1998, Footnote 1).

Q. AT PAGE 37 OF HIS DIRECT TESTIMONY, DR. ANKUM RECOMMENDS THAT THE MODEL SHOULD IDENTIFY PUBLIC SOURCES OF INFORMATION REGARDING THE PRICES OF NETWORK FACILITIES AND EQUIPMENT. DO YOU AGREE WITH THIS RECOMMENDATION?

A. No, I do not. As I explained in my direct testimony the cost studies filed in Phase II of this proceeding must produce estimates of the forward-looking, economic costs each company expects to incur in provisioning UNEs and telecommunications services out of its own network. If the input prices for material and labor do not reflect what each company actually pays, then the resulting cost estimates will depart even further from company-specific costs. There are no public sources of information regarding what individual companies pay for material and labor. Rather than seeking such sources, the Commission should rely on the companies' own contracts and on the information systems they use in the normal cost of business to manage their planning and purchase-order processes.

Q. SEVERAL PARTIES HAVE PROPOSED REQUIREMENTS FOR COST STUDY SUPPORT AND DOCUMENTATION. WHAT TYPE OF SUPPORT DOES GTE INCLUDE IN ITS COST FILING PACKAGE?

A. GTE files its entire cost model and cost study on a CD-ROM that contains all of the executable programs and input files needed to

reproduce the Company's filing or to conduct sensitivity analyses. In addition, the actual code underlying the cost model and a narrative description documenting the model methodology are included on the CD-ROM. In hardcopy form, consisting of approximately 15 binders, GTE's filing includes summary statewide reports showing the per-unit TELRIC and underlying investments for each UNE. (The same information is provided on the CD-ROM by individual wire center.) Also included in the binders is a copy of the model documentation and user guide, as well as work papers showing the development and sources for the material and placement inputs. Some of this information, such as the contracts for switching or for placement of outside plant facilities, is highly confidential and requires execution of a satisfactory proprietary agreement that protects the interests of both GTE and the vendors involved. Finally, the binders contain miscellaneous costs studies performed outside of GTE's main model, and supporting documents related to engineering practices, labor and material loadings, and the SCIS and CostMod runs.

Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

A. Yes, it does.