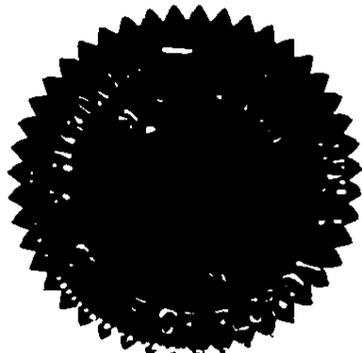


BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

-----  
In the Matter of  
  
Generic consideration of  
incumbent local exchange (ILEC):  
business office practices and  
tariff provisions in the  
implementation of intraLATA  
presubscription.  
-----

DOCKET NO. 970526-TP



**PROCEEDINGS:** HEARING

**BEFORE:** CHAIRMAN JULIA L. JOHNSON  
COMMISSIONER J. TERRY DEASON  
COMMISSIONER SUSAN F. CLARK  
COMMISSIONER JOE GARCIA  
COMMISSIONER E. LEON JACOBS, JR.

**DATE:** Monday, February 23, 1998

**TIME:** Commenced at 9:30 a.m.  
Concluded at 12:20 p.m.

**PLACE:** Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

DOCUMENT NUMBER-DATE

02732 FEB27%

FPSC RECORDS/REPORTING

1 **APPEARANCES:**

2                   **MARSHA E. RULE**, AT&T Communications of the  
3 Southern States, Inc., 101 North Monroe Street,  
4 Tallahassee, Florida 32301, and **MARK A. LOGAN**, Bryant,  
5 Miller & Olive, P. A., 201 South Monroe Street  
6 Tallahassee, Florida 32301, appearing on behalf of  
7 **AT&T Communications of the Southern States, Inc.**

8                   **KIMBERLY CASWELL**, One Tampa City Center,  
9 Tampa, Florida 33601, appearing on behalf of **GTE**  
10 **Florida Incorporated.**

11                   **THOMAS K. BOND**, 780 Johnson Ferry Road,  
12 Suite 700, Atlanta, Georgia 30342, appearing on behalf  
13 **MCI Telecommunications Corporation.**

14                   **CHARLES J. REHWINKEL**, Post Office Box 2214,  
15 **MCFLTLH00107**, Tallahassee, Florida 32301, appearing on  
16 behalf of **Sprint-Florida, Incorporated.**

17                   **J. JEFFREY WANLEN**, Post Office Box 391,  
18 Tallahassee, Florida 32302, appearing on behalf of  
19 **Northeast Florida Telephone Company, ALLTEL, Florida,**  
20 **Inc. and Vista-United Telecommunications.**

21

22

23

24

25

1 **APPEARANCES CONTINUED:**

2 **WILLIAM P. COX, Gerald L. Gunter Building,**  
3 **2540 Shumard Oak Boulevard, Tallahassee, Florida**  
4 **32399-0850, appearing on behalf of the Commission**  
5 **Staff.**

6

7

8 **ALSO PRESENT:**

9 **Jonathan Audu**

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**I N D E X**

**MISCELLANEOUS**

<b>ITEM</b>	<b>PAGE NO.</b>
<b>CERTIFICATE OF REPORTER</b>	<b>143</b>

**WITNESSES**

<b>NAME</b>	<b>PAGE NO.</b>
<b>SANDRA KHAZRAEE</b>	
Prefiled Direct Testimony Inserted Into the Record by Stipulation	14
<b>WILLIAM MUNSSELL</b>	
Direct Examination By Ms. Caswell	19
Prefiled Direct Testimony Inserted	21
Cross Examination By Mr. Logan	29
Cross Examination By Mr. Bond	36
Cross Examination By Mr. Cox	39
Redirect Examination By Ms. Caswell	64
<b>THOMAS HYDE</b>	
Direct Examination By Mr. Bond	70
Prefiled Direct Testimony Inserted	72
Cross Examination By Ms. Caswell	76
Cross Examination By Mr. Cox	82
<b>MIKE GUEDEL</b>	
Direct Examination By Mr. Logan	102
Prefiled Direct Testimony Inserted	104
Cross Examination By Ms. Caswell	113
Cross Examination By Mr. Cox	132

**EXHIBITS**

<b>NUMBER</b>	<b>ID.</b>	<b>ADMTD.</b>
1      Munsell deposition & exhibits	12	69

**P R O C E E D I N G S**

(Hearing convened at 9:30 a.m.)

**CHAIRMAN JOHNSON:** Could counsel read the notice, please?

**MR. COX:** Pursuant to notice issued January 28th, 1998, this time and place have been set for a hearing in Docket 970526-TP, generic consideration of incumbent local exchange business office practices and tariff provisions in the implementation of intra-LATA presubscription.

**CHAIRMAN JOHNSON:** We'll take appearances.

**MS. CASWELL:** Kim Caswell for GTE, One Tampa City Center, Tampa, Florida 33601.

**MR. WAHLEN:** Jeff Wahlen of the Ausley & McMullen law firm, P.O. Box 391, Tallahassee, Florida 32302, appearing on behalf of Northeast Florida Telephone Company, ALLTEL, Florida, Inc. and Vista-United Telecommunications.

**MR. REHWINKEL:** Charles Rehwinkel on behalf of Sprint-Florida, Incorporated, P.O. Box 2214, Mail Code FLTLHO0107, Tallahassee, Florida 32301.

**MR. LOGAN:** Mark Logan, Bryant, Miller & Olive, appearing on behalf of AT&T Communications of the Southern States, and I'd also like to enter an appearance for Marsha Rule, in-house counsel with

1 AT&T.

2 MR. BOND: Thomas Bond on behalf of the MCI  
3 Telecommunications Corporation.

4 MR. COX: Will Cox on behalf of Commission  
5 Staff.

6 CHAIRMAN JOHNSON: Are there any preliminary  
7 matters?

8 MR. COX: Yes, Chairman Johnson, there are  
9 several preliminary matters.

10 The first is that Staff would recommend that  
11 the Commission approve the proposed -- two proposed  
12 stipulations that the parties have agreed to in this  
13 proceeding; and I'll describe those briefly.

14 The first stipulation resolves a majority of  
15 the issues for the majority of the parties in this  
16 proceeding. The parties have agreed to the proposed  
17 stipulation attached to the prehearing order as  
18 Attachment A, and this stipulation resolves for all  
19 parties Issues 1, 2, 3B, 3C and 4.

20 Issue 3A is resolved for all parties except  
21 Sprint, and the parties have agreed to brief the issue  
22 whether Sprint's inclusion of the statement in  
23 addition to us, prior to reading the list of carriers  
24 in its script, complies with this restriction on the  
25 ILECs' ability to market their services to existing

1 customers changing their intraLATA carriers.

2           And Issue 3D is resolved for all parties  
3 except GTE, and the parties have agreed to brief the  
4 policy and legal issues associated with whether the  
5 Commission should restrict the ILECs' -- in this case  
6 GTE's -- ability to market their intraLATA services to  
7 existing customers when they call for reasons other  
8 than soliciting intraLATA carriers.

9           With regard to Issue 5, the parties have not  
10 resolved Issue 5, except with regard to Sprint, and it  
11 will be addressed at the hearing today with regard to  
12 the other parties. Issue 5 is whether the Commission  
13 should require GTE, Sprint and the small ILECs to  
14 provide two-for-one PICs to existing customers.

15           The second stipulation is regarding the  
16 prefiled testimony that Sprint filed in this  
17 proceeding. The parties agree to stipulate that the  
18 direct testimony filed by Sprint witness Sandy  
19 Khazraee be inserted in the record as though read and  
20 to waive the opportunity for cross-examination at the  
21 hearing today.

22           **CHAIRMAN JOHNSON:** Thank you.  
23 Commissioners, the written stipulation is provided as  
24 an attachment to the prehearing order. Any questions,  
25 or is there a motion?

1           **COMMISSIONER DEASON:** I move we approve the  
2 attached stipulation.

3           **COMMISSIONER CLARK:** Second.

4           **CHAIRMAN JOHNSON:** There's a motion and  
5 second. Discussion?

6           **COMMISSIONER JACOBS:** There was one issue on  
7 that, and I just discussed it. I believe it's on  
8 Issue 1 of the stipulation where it indicates that  
9 there will be no -- well, essentially 't says the  
10 parties are already adhering to the practice of not  
11 implying any ownership of intraLATA toll.

12           And I was concerned whether or not there was  
13 clarity of definition on what these practices are so  
14 we know what's being avoided and not having to come  
15 back and deal with each individual instance. And  
16 Staff has assured me that there's some understanding  
17 of that and that the parties would deserve latitude in  
18 resolving that. But I think it's important that we --  
19 and I would suggest -- let's put it that way, that  
20 there be a clear statement of intent from the  
21 Commission of what the spirit of that conduct should  
22 be, that being as stated in the BellSouth order and as  
23 indicated in the stipulation, so that we can avoid a  
24 kind of an instance by instance resolution of that.

25           **CHAIRMAN JOHNSON:** Okay. Any other

1 statements or questions?

2 COMMISSIONER DEASON: Does Staff have any  
3 comments on the --

4 MR. COX: I would just add that it was my  
5 understanding of the stipulation that the parties  
6 essentially agreed to what the Commission had done  
7 with regard to BellSouth in the earlier proceeding as  
8 far as terminology that would suggest ownership of the  
9 intraLATA toll market. And I think that's what they  
10 have agreed to today is not to use that kind of  
11 language that the Commission said they couldn't use in  
12 that order.

13 CHAIRMAN JOHNSON: Any affirmation from the  
14 parties? GTE?

15 MS. CASWELL: Yeah, that was my  
16 understanding as well. The only difference here is  
17 that we're not agreeing as Bell did to any particular  
18 terminology that we have to use, but saying that's a  
19 marketing choice left up to us as long as we don't use  
20 the kind of terminology that was used in the Bell case  
21 that was objectionable.

22 MR. BOND: That's MCI's understanding.  
23 There are several different ways you could describe  
24 this kind of, you know, local toll calling, and this  
25 would allow them to use many of those as long as

1 they're not doing it in a way to imply that it is  
2 their calling area. I think that was the issue in the  
3 BellSouth case.

4 **CHAIRMAN JOHNSON:** All the other parties  
5 agree?

6 **MR. REHWINKEL:** Yes.

7 **CHAIRMAN JOHNSON:** Okay. There's  
8 affirmation by all the parties. Any other questions,  
9 Commissioner Jacobs?

10 **COMMISSIONER JACOBS:** No.

11 **CHAIRMAN JOHNSON:** There was a motion and a  
12 second. No further discussion? All those in favor  
13 signify by saying aye. Show the stipulation approved.

14 As to Sprint's witness, we'll just take that  
15 up in the proper order and have that inserted into the  
16 record as though read. And she didn't have any  
17 exhibits, did she?

18 **MR. REHWINKEL:** No.

19 **MR. COX:** The second preliminary matter  
20 involves the official recognition list which Staff has  
21 provided to the parties and the Commissioners, and  
22 Staff would ask that the Commission take official  
23 recognition of the orders listed on that sheet. Those  
24 orders are Order No. PSC-96-0202-POF-TP, Order  
25 No. PSC-96-1569-POF-TP and Order

1 No. PSC-97-0518-FOF-TP.

2           **CHAIRMAN JOHNSON:** Okay. The Commission  
3 will take official recognition of those orders, and I  
4 see no objections to that, but we'll take official  
5 recognition to the orders stated.

6           **MR. COX:** Excuse me, Commissioner. There  
7 was one error on the first order that read ending  
8 0202. It should have been 0203. Excuse the error.

9           **CHAIRMAN JOHNSON:** The first order should be  
10 96-0203?

11           **MR. COX:** Correct.

12           **CHAIRMAN JOHNSON:** Hold on one second.

13           **MR. COX:** That's correct.

14           **MR. AUDU:** Pardon, ma'am; the year is  
15 950203. That means a typographical --

16           **CHAIRMAN JOHNSON:** Okay. Could you read the  
17 whole thing?

18           **MR. COX:** Yes. It's Order  
19 PSC-95-0203-FOF-TP.

20           **CHAIRMAN JOHNSON:** Okay. Thank you for that  
21 clarification. We'll take official recognition of  
22 those orders. Any other preliminary matters?

23           **MR. COX:** The other is, Staff would ask that  
24 its composite exhibit identified as WM-3 be moved into  
25 the record. The parties have agreed that it be done

1 so.

2 This exhibit includes -- it's a composite  
3 exhibit and it includes the February 5th, 1998  
4 deposition transcript of GTE witness William E.  
5 Munsell, as well as the deposition Exhibits 1 and 2,  
6 WM-1 and WM-2. We would also ask that the errata  
7 sheet be included. It is not currently included with  
8 this, but we will have that inserted in the record as  
9 provided by GTE, the errata sheet and the deposition  
10 transcript.

11 CHAIRMAN JOHNSON: Okay. We'll mark that  
12 Exhibit 1, Composite WM-3, and that will include the  
13 errata sheet that's been identified.

14 (Exhibit 1 marked for identification and  
15 received in evidence.)

16 MR. COX: Staff has no more preliminary  
17 matters.

18 MR. WARLEN: I have one.

19 CHAIRMAN JOHNSON: Yes, sir.

20 MR. WARLEN: The approval of the stipulation  
21 resolves the issues for my small company clients, and  
22 I don't intend to ask cross-examination questions, so  
23 with your permission, I would like to be excused from  
24 the rest the proceeding.

25 CHAIRMAN JOHNSON: Certainly.

1           **MR. WANLEN:** Thank you.

2           **MR. REHWINKEL:** Madam Chairman, Sprint is in  
3 a similar situation. If Ms. Khazraee's testimony is  
4 accepted in, we have no interest in the  
5 cross-examination or the issues related to the other  
6 parties. So I would ask if we could take  
7 Ms. Khazraee's testimony up first, and then I would  
8 then ask if I could be excused.

9           **CHAIRMAN JOHNSON:** Okay. No objections to  
10 that? (No response.) Then since there is a  
11 stipulation, at this point in time we'll insert it  
12 into the record as though read?

13           **MR. REHWINKEL:** Yes, I would so move.

14           **CHAIRMAN JOHNSON:** Show that then inserted  
15 into the record as though read, and you're excused.

16           **MR. REHWINKEL:** Thank you.  
17  
18  
19  
20  
21  
22  
23  
24  
25

1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2                                   **DIRECT TESTIMONY**  
3   **OF**  
4                                   **Sandra A. Khazraee**

5  
6           **Q.    Please state your name, business address and**  
7                   **title.**

8  
9           **A.    My name is Sandra A. Khazraee. My business**  
10                   **address is Sprint - Florida, Incorporated, 1313**  
11                   **Blair Stone Road, Tallahassee, Florida 32301.**

12  
13           **Q.    By whom are you employed, and what are your**  
14                   **current responsibilities.**

15  
16           **A.    I am employed by Sprint - Florida, Incorporated**  
17                   **as Regulatory Manager. My current**  
18                   **responsibilities include coordinating responses**  
19                   **to FPSC data requests and interrogatories and**  
20                   **ensuring compliance with all FPSC orders. I**  
21                   **interface regularly with Sprint employees at all**  
22                   **levels within the company to carry out my job**  
23                   **responsibilities.**

24  
25           **Q.    What is the purpose of your testimony?**

1       A.    The purpose of my testimony is to respond to the  
2            issues affecting Sprint-Florida which have been  
3            proposed to be addressed at the hearing in this  
4            docket.  One issue is:  Should the Commission  
5            require GTEFL, Sprint-LEC, and small ILECs  
6            (ILECs) to provide One Free PIC to existing  
7            customers (issue 5)?  Additionally, the purpose  
8            of my testimony is to enter into the record for  
9            consideration under issue 3a.  the script which  
10           Sprint - Florida's service representatives use  
11           when speaking to customers about intraLATA toll.  
12           This is provided so that the FPSC can determine  
13           whether Sprint's script is an appropriate  
14           competitively-neutral customer contact protocol.

15

16       Q.    What is the script which the service  
17            representatives use when addressing intraLATA  
18            toll with customers?

19

20       A.    Service representatives of Sprint - Florida, Inc.  
21            use the following script when informing customers  
22            about their choices regarding intraLATA toll PIC:

23

24            New Customer (N and T orders) Script:

25                "Mr./Mrs. Customer, due to recent

1           **changes in the competitive**  
2           **area/environment you now need to**  
3           **choose a carrier to carry calls you**  
4           **make to cities in nearby**  
5           **communities/locations\*.**

6  
7           **I am required to read you a list of**  
8           **the companies in addition to us who**  
9           **can carry these calls if you wish.**

10

11           **(If the customer responds "yes," then the list**  
12           **should be read.)**

13

14           **(If the customer responds "no," then the customer**  
15           **service representative should ask the customer to**  
16           **identify their carrier of choice.)**

17

18           **(If the customer responds "I'm not sure," then**  
19           **the service representative should offer to read**  
20           **the list of available carriers and encourage the**  
21           **customer to make a selection. If the customer**  
22           **does not want to make a selection, the customer**  
23           **should be advised that he/she must dial an access**  
24           **code to reach an intraLATA carrier each time he**  
25           **makes an intraLATA call until a presubscribed**

1 carrier is chosen (i.e., place No PIC on  
2 account).

3

4 (\* Nearby communities/locations are defined as  
5 calls made outside of the local call area, but  
6 inside the LATA.)

7

8 This section of the service representative  
9 handbook also instructed the service  
10 representatives to apply only one PIC change  
11 charge if an existing customer changes both their  
12 local toll and their long distance carrier at the  
13 same time to the same carrier.

14

15 Q. What has been Sprint - Florida, Inc.'s practice  
16 regarding one free PIC to existing customers?

17

18 A. Customers served by switches converted to equal  
19 access (intra- and interLATA) since the  
20 Commission's order in Docket 930330 requiring  
21 intraLATA presubscription were given an  
22 opportunity to select a carrier for both inter-  
23 and intraLATA toll. For selections under this  
24 process no PIC change charge was applied. For  
25 customers served by previously converted switches

1           no similar charge-free selection opportunity was  
2           provided for intraLATA toll.

3

4           Q.    Does that conclude your testimony?

5

6           A.    Yes, it does, with one final statement. The  
7           parties have agreed to brief the issues. Sprint  
8           asks the Commission to consider my testimony and  
9           the brief submitted and approve Sprint's  
10          practices in this docket.

1           **CHAIRMAN JOHNSON:** Any other preliminary  
2 matters? (No response.)

3           At this time then, I'll swear in the  
4 witnesses.

5           (Witnesses collectively sworn.)

6           **CHAIRMAN JOHNSON:** GTE?

7           **MS. CASWELL:** GTE calls Will Munsell.

8

- - - - -

9

**WILLIAM MUNSELL**

10 was called as a witness on behalf of GTE Florida,  
11 Incorporated and, having been duly sworn, testified as  
12 follows:

13

**DIRECT EXAMINATION**

14

**BY MS. CASWELL:**

15

**Q** Will you please state your name and business

16

address for the record, Mr. Munsell?

17

**A** My name is William E. Munsell. My business

18

address is 600 Hidden Ridge Road, Irving, Texas

19

75015-2092.

20

**Q** By whom are you employed and what is your

21

position?

22

**A** I am employed by GTE Telephone Operations.

23

My current position is a project manager for open

24

market transition activities.

25

**Q** Did you file direct testimony in this case?

1           **A**     Yes, I did.

2           **Q**     Do you have any changes to that testimony?

3           **A**     No, I do not.

4           **Q**     So that if I were to ask you those same  
5 questions today, would your answers remain the same?

6           **A**     Yes, they would.

7           **MS. CASWELL:** Chairman Johnson, I would ask  
8 that Mr. Munsell's testimony be inserted into the  
9 record as though read.

10           **CHAIRMAN JOHNSON:** It will be so inserted.

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**GTE FLORIDA INCORPORATED**  
**DIRECT TESTIMONY OF WILLIAM E. MUNSELL**  
**DOCKET NO. 970526-TP**

**Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

**A. My name is William E. Munsell. My business address is 600 Hidden Ridge Road, Irving, Texas 75015-2092.**

**Q. WHAT IS YOUR CURRENT POSITION?**

**A. I am employed by GTE Telephone Operations as Senior Product Manager-Switched Access Service. In this position I am responsible for the switched access products offered by the GTE telephone operating companies throughout the country.**

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL BACKGROUND.**

**A. I have an undergraduate degree in economics from the University of Connecticut, and a masters degree from Michigan State University in agricultural economics. I joined GTE in 1982 with GTE Florida. In 1989, I joined GTE Telephone Operations in Irving, Texas, as Senior Product Manager - IntraLATA Toll Services. In that capacity I was responsible for developing tariffs, assessing system capabilities, and product promotions for GTE's optional calling plans. During the course of my career with GTE I have held positions of increasing**

1 responsibility in Demand Analysis, Pricing and Product Management.  
2 I assumed my present position in 1994.

3

4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
5 **DOCKET?**

6 **A. I will address the issue of whether the Commission should require**  
7 **GTEFL to provide so-called "two-for-one PIC" to existing customers.**  
8 **A two-for-one PIC policy would require GTEFL to charge just one fee**  
9 **to customers changing both their interLATA and intraLATA primary**  
10 **interexchange carriers (PICs). I will show that any significant**  
11 **discount off the two separate charges that apply today to such**  
12 **transactions would be unjustified for GTEFL.**

13

14 I understand that the remaining issues in the case will be addressed  
15 in the parties' briefs.

16

17 **Q. HOW DOES GTEFL CURRENTLY ASSESS THE INTRALATA PIC**  
18 **CHANGE CHARGE?**

19 **A. GTEFL currently assesses an intraLATA PIC change charge at a rate**  
20 **identical to the interLATA PIC change charge.**

21

22 **Q. HOW DO EXISTING CUSTOMERS CHANGE INTRALATA TOLL**  
23 **PROVIDERS?**

24 **A. On the day their exchange was converted, existing customers were**  
25 **able to select toll providers other than GTEFL simply by contacting**

1 their toll provider of choice or by contacting GTEFL. GTEFL  
2 continues to provide intraLATA toll service until the customer chooses  
3 another toll provider. GTEFL allows each existing customer a free  
4 initial PIC change. An intraLATA PIC change charge is applied to  
5 each subsequent change.

6

7 **Q. HOW ARE NEW CUSTOMERS ABLE TO SELECT THEIR TOLL**  
8 **PROVIDERS OF CHOICE?**

9 **A. At the time they initiate service, new customers are asked to select an**  
10 **intraLATA toll provider and an interLATA toll provider. New**  
11 **customers have 90 days from the date they initiate service to choose**  
12 **each toll provider without charge. Consistent with interLATA equal**  
13 **access, until new customers select their intraLATA toll providers, they**  
14 **cannot dial toll calls on a 1+ basis, but must use a carrier access**  
15 **code (10XXX). After the 90-day period has elapsed, if a new**  
16 **customer selects both toll providers, two PIC change charges (one for**  
17 **interLATA and one for intraLATA) apply.**

18

19 **Q. PLEASE EXPLAIN THE INTRALATA PIC CHANGE CHARGE.**

20 **A. The intraLATA PIC change charge is assessed when an end user**  
21 **changes their intraLATA presubscribed carrier. PIC change requests**  
22 **can come to GTEFL either directly from the end user, or from the**  
23 **interexchange carrier via an industry-standard Customer Account**  
24 **Record Exchange (CARE) transaction. GTEFL's procedures and the**  
25 **associated costs to process an intraLATA PIC change are identical**

1 to the procedures and costs of processing the interLATA PIC change.  
2 The rates for the intraLATA and interLATA PIC changes are thus the  
3 same.

4

5 **Q. WHEN BOTH THE INTRALATA AND INTERLATA PICS ARE**  
6 **CHANGED ON THE SAME ORDER, HOW MANY PIC CHANGE**  
7 **CHARGES DOES GTEFL APPLY?**

8 A. GTEFL applies two PIC change charges--one for interLATA and one  
9 for intraLATA.

10

11 **Q. WHY ARE TWO PIC CHANGE CHARGES APPROPRIATE?**

12 A. Any efficiencies gained when both PICs are changed on the same  
13 order are very minimal, so that GTEFL is justified in charging the  
14 interLATA PIC change charge for the interLATA PIC change and the  
15 intraLATA PIC change charge for the intraLATA PIC change.

16

17 **Q. WHAT IS THIS EFFICIENCY TO WHICH YOU REFER?**

18 A. The only efficiency which GTEFL has been able to identify occurs  
19 when end users contact the GTEFL business office directly to change  
20 both PICs. If an end user changes both presubscribed carriers on the  
21 same order, GTEFL estimates that the amount of time the customer  
22 representative saves, relative to handling two separate calls to  
23 change each PIC, is two minutes. This two minutes is an estimate of  
24 the time the customer representative spends confirming information  
25 (name, address, etc) with the customer. GTEFL also estimates that

1           only about 14% of PIC changes are the result of end users calling the  
2           GTEFL business office directly; the remainder (86%) are made as a  
3           result of the toll carriers sending GTEFL CARE transactions. Thus,  
4           even the minimal efficiency identified would not apply for most  
5           transactions.

6

7           **Q.    ARE THERE OTHER WAYS IN WHICH GTEFL'S PIC CHANGE**  
8           **PROCESSES SUPPORT TWO PIC CHANGE CHARGES?**

9           **A.    Yes. Even though PIC changes may be made simultaneously, they**  
10          **are handled individually in the system. At the request of the IXCs,**  
11          **GTE instituted a process which provides the IXCs with a positive**  
12          **confirmation, by way of a date and time stamp, of when a PIC change**  
13          **was accepted by the switch in updating the customer's line**  
14          **information. In the development of its intraLATA equal access**  
15          **process, GTE realized that the switch may very well process the two**  
16          **PICs at different points in time and that the end user may have**  
17          **instituted a PIC restriction ("freeze") on either the interLATA or**  
18          **intraLATA PIC. In order to provide accurate date and time stamps,**  
19          **GTE had to split the single CARE transaction from the IC into two**  
20          **distinct transactions for interLATA and intraLATA processing,**  
21          **respectively.**

22

23          Furthermore, GTEFL's existing one-free-PIC policy essentially  
24          achieves, to a great extent, a two-for-one PIC result. GTEFL has  
25          permitted customers one free intraLATA PIC change since intraLATA

1           presubscription became available (GTEFL's switch conversion was  
2           completed in February, 1997). As such, a customer requesting a  
3           change of his interLATA PIC along with a first-time change of  
4           intraLATA PIC would be assessed only one charge--for the interLATA  
5           PIC change. This situation underscores how reasonable GTEFL has  
6           been in the PIC change area and how unjustified this entire docket is.

7

8           **Q.    BASED ON YOUR TESTIMONY, IT SEEMS THAT ANY**  
9           **EFFICIENCIES ASSOCIATED WITH SIMULTANEOUS PIC**  
10          **CHANGES WOULD NOT HAVE MUCH OF AN IMPACT ON THE**  
11          **RATE THE CUSTOMER PAYS. IS THAT RIGHT?**

12          **A.    Yes. GTEFL believes that the cost difference of changing both the**  
13          **interLATA and intraLATA PIC on the same order is only about \$.08**  
14          **(about 2% of the existing \$4.14 rate), and that this minimal cost**  
15          **difference does not warrant establishing a separate intraLATA PIC**  
16          **change charge in those relatively few instances where the customer**  
17          **changes both PICs through direct contact with the business office.**

18

19          **Q.    IN THE BELLSOUTH COMPLAINT PROCEEDING, THE**  
20          **COMMISSION ALLOWED BELLSOUTH TO COLLECT A 30%**  
21          **ADDITIVE, RATHER THAN A FULL CHARGE, WHEN A**  
22          **CUSTOMER CHANGES BOTH PICS ON THE SAME ORDER. IS**  
23          **THIS AN APPROPRIATE MEASURE TO CONSIDER FOR GTEFL?**

24

25

1       **A. Absolutely not. Like everything else in the BellSouth complaint case,**  
2       **the additive was based on facts specific to BellSouth. I understand**  
3       **that the 30% additive reflects BellSouth's PIC change processes and**  
4       **associated costs. Those processes are different from GTEFL's. As**  
5       **noted, with regard to GTEFL's systems, there are only negligible**  
6       **efficiencies associated with changing both PICs on a single order.**  
7       **Imposition upon GTEFL of the 30% additive, with no regard for**  
8       **GTEFL's own circumstances, would plainly be arbitrary and**  
9       **unwarranted.**

10

11       **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12       **A. Yes.**

13

14

15

16

17

18

19

20

21

22

23

24

25

1           Q        (By Ms. Caswell) Mr. Munsell, do you have  
2 a brief summary of your testimony for us?

3           A        Yes, I do.

4           Q        Could you please give that now?

5           A        Certainly. GTE has presented testimony  
6 which logically and accurately describes the processes  
7 which GTE uses to change the end user's prescribed  
8 carrier PIC.

9                    This description provides evidence that  
10 GTEFL does not realize any significant efficiencies  
11 when both the interLATA and intraLATA PICs change on  
12 the same order. No other party in this proceeding has  
13 provided any evidence or description of the  
14 efficiencies which they insist exist.

15                   GTEFL does not believe that the 30% additive  
16 which BellSouth agreed to should be applied to GTEFL.  
17 The 30% additive which BellSouth agreed to was arrived  
18 at, one, without any cost support, and was arrived at  
19 within the context of a much larger complaint.

20                   GTEFL's current tariff for the charging of  
21 PIC changes reflects the work processes involved, and  
22 GTEFL should not be required to change its current  
23 tariff.

24                   That concludes my summary.

25                   MS. CASWELL: Mr. Munsell is available for

1 cross.

2 CHAIRMAN JOHNSON: Okay. Mr. Logan?

3 MR. LOGAN: Thank you, Chairman.

4 CROSS EXAMINATION

5 BY MR. LOGAN:

6 Q Good morning, Mr. Munsell. My name is Mark  
7 Logan. How are you today?

8 A Very good. Thank you.

9 Q I've got just a couple questions for you.  
10 Can you tell me when the cost study that was attached  
11 to your testimony was prepared?

12 A It was prepared in 1989, filed with the FCC  
13 on October 4th of that year.

14 Q Okay. Now, did you prepare that study?

15 A No, I did not.

16 Q Who prepared it?

17 A GTE's pricing and costing department.

18 Q And when did you first review that study?

19 A Probably in the spring of '80 -- of '96.

20 Q Now, does that study -- and I'm referring to  
21 the original study -- is that an interLATA/intraLATA,  
22 or does it deal with both inter and intraLATA costs?

23 A It deals with the costs involved in changing  
24 a PIC. At the time the study was prepared, there was  
25 only one PIC, and that would have been the interLATA

1 PIC; but the study involved is basically a time and  
2 motion study of what's at cost to change a PIC.

3 Q But it was based upon a study of interLATA  
4 activities and not intraLATA, correct?

5 A That is correct.

6 Q Has GTE prepared or conducted any  
7 modifications to the study since that time?

8 A No, it has not.

9 Q Has GTE examined any changes in efficiencies  
10 or labor rates or anything else with respect to the  
11 numbers contained in that study since that time?

12 A No, it has not.

13 Q Mr. Munsell, do you have what has been  
14 identified as WM-3, which is the composite exhibit  
15 that I believe contains your deposition transcript, in  
16 front of you?

17 A Yes, I do.

18 Q Could you turn to Page 18 of that deposition  
19 transcript, and down around Line 21, I believe, there  
20 was some discussion about the two-minute savings. Are  
21 you familiar with that?

22 A Yes, I am.

23 Q And those two-minute savings deal with  
24 efficiencies; is that correct?

25 A That is correct.

1 Q Where did you get that information from?

2 A Discussions with our front line personnel  
3 who handle business office procedures, business office  
4 staffing levels, and basically the discussions  
5 centered around additional staffing requirements in  
6 the business offices to handle intraLATA PIC changes.

7 So as we were discussing that and budgeting  
8 for that activity, I asked the very specific question  
9 of this: When both PICs change on the same order,  
10 what efficiencies are you front line people realizing?

11 Q And when you say that you asked the  
12 question, do you mean -- and I would refer to Line 25  
13 of Page 18. I mean, that's an obvious one,  
14 point-blank, "What is the savings?"

15 A Correct.

16 Q Who did you ask that question to?

17 MS. CASWELL: I think that's been asked and  
18 answered, so I'm going to object.

19 WITNESS MUNSSELL: If you're asking me for a  
20 specific name, I do not recall a specific name.

21 Q (By Mr. Logan) Do you recall when the  
22 conversation took place?

23 A That would have been in probably June  
24 of '96.

25 Q If you could turn to Page 26 of that

1 deposition transcript, I just wanted to clarify one  
2 thing. In Line 16 -- and I think you're talking about  
3 the purchasing of switches and other vendors -- you  
4 mention AT&T or Nortel. Would you have meant Lucent  
5 Technologies in its current form?

6 A That is correct.

7 Q Okay. Thank you. If you could turn to  
8 Page 37 of your deposition transcript, and again on  
9 Line 21, there was a discussion about obtaining the  
10 study that you provided from the costing and tariffing  
11 department. Do you recall who you spoke with with  
12 respect to obtaining that study?

13 A I didn't speak per se to anybody. I  
14 researched it myself. I looked in the tariff for the  
15 current tariff rate in the interstate access tariff  
16 for PIC changes, looked back into our transmittal log  
17 of when we filed that with the FCC and what supporting  
18 documentation we had filed with it; that is what I  
19 pulled out of our historical records.

20 Q So the information that you've presented to  
21 the Commission is not the exact study? You pulled  
22 information from that study, correct, the study that  
23 was filed with the FCC, and typed it into your own  
24 report and appended that to your testimony?

25 A Correct; the study that was filed with the

1 FCC, for one. The cost spreadsheet, the page with all  
2 the numbers, had all of the states listed with each  
3 state's individual labor rate. And as I'm filing this  
4 study with each particular state, it wasn't  
5 appropriate in my mind to file extraneous information,  
6 so I just centered on that state's costs and that  
7 state's numbers.

8 Q If you could turn to Page 41 of your  
9 deposition transcript, and starting with your answer  
10 on Line 18, you made a reference to the FCC requiring  
11 RBOCs to file PIC change rate studies. Do you recall  
12 that?

13 A I do.

14 Q And there was some discussion about the cost  
15 that time generally being in the range of \$10, and the  
16 FCC stated that either file a study or that the rates  
17 would be capped at 5; is that correct?

18 A Well, I'd say prior to that time not  
19 necessarily the cost was \$10, but the rate was \$10.

20 Q And that if there was no study filed, that  
21 the rate would then be capped at \$5?

22 A That is my recollection of what the FCC had  
23 ordered at that period in time, yes.

24 Q So you made a conclusion, I think, in your  
25 deposition transcript that several companies elected

1 not to file cost studies?

2 A That is correct.

3 Q How did you arrive at that conclusion?

4 A Given their current tariffed rates of a PIC  
5 change at \$5 with no plus or minuses to it, it's \$5,  
6 that is what led me to that conclusion.

7 Q So if you saw a \$5 rate, you did not have to  
8 look any further because you realized there probably  
9 wasn't a cost study?

10 A Well, I wouldn't have been able to find a  
11 cost study for somebody else's tariff filing as easily  
12 as I could find one for our own, but that was the  
13 assumption I made.

14 Q So one of those companies could have, in  
15 fact, prepared a cost study that would have been lower  
16 than \$5 and you wouldn't have had any knowledge of  
17 that; is that correct?

18 A Well, I would have had knowledge to -- of it  
19 by the fact that their tariffed rate was less than \$5,  
20 and by that fact I would have assumed logically that  
21 they had filed a cost study or else they would have  
22 had a rate at \$5.

23 Q What I was asking is that a company could  
24 have prepared a cost study and not filed it, and then  
25 had the rate capped at \$5 in the event that their cost

1 study was showing figures below the \$5. Is that a  
2 possibility?

3 A That's a possibility.

4 Q Okay. Again, Mr. Munsell, on Page 41 of  
5 your deposition transcript there's a statement  
6 beginning around Line 4 where I think you refer to  
7 BellSouth making a statement that they were -- that  
8 they haven't updated their cost studies and were  
9 forced to take PIC changes at \$1.49. Do you recall  
10 that?

11 A I do.

12 Q And you said that they stated that on the  
13 record?

14 A Yes.

15 Q Do you know what record you would be  
16 referring to?

17 A Yes. Hold on, please. (Pause) I am  
18 reading from Docket 930330-TP, Order  
19 No. PSC-97-0518-POF-TP issued May 6th, 1997, order  
20 denying motion for reconsideration.

21 On Page 12 of that order, it says: "We note  
22 that we did not ignore BellSouth's argument that to  
23 process its customers' PIC change requests without  
24 first attempting to refer customers to their selected  
25 intraLATA carrier would increase BellSouth's service

1 representatives' time and, thereby, its cost. We  
2 simply reached a conclusion with which BellSouth  
3 disagrees. See order at Page 10."

4 "We stated that BellSouth receives a PIC  
5 change charge of \$1.49. See order at Page 11.  
6 BellSouth argues that we accepted at face value the  
7 notion that the existing PIC change charge compensates  
8 BellSouth for its increased costs. We find no record  
9 evidence that the PIC change charge does not  
10 compensate BellSouth for processing the PIC change  
11 orders."

12 "Nevertheless, BellSouth is free to come  
13 back to us should it discover that the buck,  
14 forty-nine PIC change charge does not cover its cost  
15 for processing the PIC requests."

16 Q Do you know if BellSouth prepared any cost  
17 studies with respect to that docket?

18 A I am not aware of any. I have not seen any.

19 Q So you haven't reviewed any cost studies  
20 that they would have prepared for that docket?

21 A No, I have not.

22 MR. LOGAN: No further questions.

23 CROSS EXAMINATION

24 BY MR. BOND:

25 Q Good morning. My name is Tom Bond. I'm

1 here on behalf of MCI Telecommunications Corporation.

2 Just a few questions.

3 I believe you've previously testified that  
4 you were not aware, in regards to the cost study that  
5 you filed in this case, whether it was a TSLRIC study  
6 or an embedded cost study; is that correct?

7 A That is correct.

8 Q And that cost study does not specifically  
9 address the two-for-one scenario; is that correct?

10 A That is also correct.

11 Q Is it correct that the number of  
12 electronically processed PICs that GTE receives today  
13 is 86%?

14 A That was the number that I had, if I  
15 remember, in June of '96.

16 Q So --

17 A Relatively recent.

18 Q So in June of '96 it was 86%. And I believe  
19 you said --

20 COMMISSIONER CLARK: Excuse me. Can I ask a  
21 question? When you say electronic, you mean what?

22 WITNESS MURSELL: I mean there's two ways  
23 GTE can get a PIC change request; the end user calling  
24 the business office, or the interexchange carrier  
25 sending an electronic CARE transaction. In June

1 of '96, 86% of them came from an electronic CARE  
2 transaction from the carrier.

3 COMMISSIONER CLARK: Okay. Thank you.

4 Q (By Mr. Bond) I believe the data in your  
5 cost study is approximately ten years old. Or the  
6 data on which the cost study is based is approximately  
7 ten years old; is that correct?

8 A That is correct.

9 Q And do you know what percent in 1989 were  
10 received e.ectronically?

11 A I have no idea.

12 Q Is it safe to assume that it was less than  
13 today?

14 A I think that is safe.

15 Q Under the formula that you use in your  
16 testimony to compute the amount of savings, would it  
17 be correct if you assumed that today 100% of the  
18 orders you received were electronic, that you would  
19 recommend no savings for the two-for-one PIC change?

20 A That is correct.

21 Q And if the number that you received today  
22 was 100% manual, that you would have a much larger  
23 savings than you recommended; is that correct?

24 A That is correct.

25 Q So the more manual orders that GTE receives

1 today, the lower your recommended PIC charge would be  
2 for the two-for-one; is that correct?

3 A I'm sorry. Can you ask me that question  
4 again?

5 Q So under the methodology that you discussed  
6 in your testimony, the more manual orders that you  
7 receive today, the lower the price would be for the  
8 two-for-one PIC change?

9 A Given the efficiency that I've identified,  
10 correct.

11 Q And would you agree that GTE today probably  
12 has more automation in its service activities  
13 assignments than it did in 1989?

14 A Correct.

15 Q And I believe in your deposition that you  
16 said that you had no opinion as to whether or not the  
17 \$4.14 PIC charge that GTE uses today is correct.

18 A I do not, whether it's high or low.

19 MR. BOND: No further questions. Thank you.

20 CHAIRMAN JOHNSON: Okay. Staff?

21 CROSS EXAMINATION

22 BY MR. COX:

23 Q Good morning, Mr. Munsell. I'm Will Cox on  
24 behalf of Commission Staff, and I have a few questions  
25 for you.

1           Mr. Munsell, you're the only witness that's  
2 testifying for GTE in this proceeding; is that  
3 correct?

4           A     That is correct.

5           Q     And your testimony in this proceeding is  
6 addressing the appropriate rate additive for the  
7 two-for-one intra/interLATA PIC change?

8           A     Correct.

9           Q     That rate additive in question is a cost  
10 issue; is that correct?

11          A     That is correct.

12          Q     And in your deposition several times you  
13 alluded to the fact that you are not a cost expert?

14          A     That is correct, too.

15          Q     Then can you tell me what qualifies you to  
16 address the cost issue as it relates to the rate  
17 additive in this proceeding then?

18          A     It goes back to if the current rate of \$4.14  
19 that's been in the tariff at the FCC level and has  
20 actually been in the intraLATA state tariff since we  
21 started intraLATA equal access is the correct rate,  
22 then to me the real issue is what efficiency is there  
23 when both PICs change on the same order.

24                 Since I've been involved with intraLATA  
25 equal access since we first received an order to go do

1 it and I started down the path of processes and system  
2 changes to effect those orders, I do feel qualified to  
3 talk about what efficiency occurs when both PICs  
4 change on the same order.

5 Q I'd like to refer you to your deposition  
6 that was taken, the deposition transcript, Page 8,  
7 Line 24 where you first refer to the cost study found  
8 in Staff's Exhibit WM-3 at Pages 48 through 50, WM-1.  
9 And you refer to that as a cost study; is that  
10 correct?

11 A That is correct.

12 Q Would you agree that the third page,  
13 Page 50, which you're referring to, I think is the  
14 cost study, would you agree that that appears to be  
15 more of a cost estimate than a cost study?

16 A In the study that you're referring to on  
17 Page 50, my Page 50 shows a certificate of reporter,  
18 so --

19 Q Okay. Well, it's WM-1, the third page, what  
20 we've referred to in the deposition as the cost study.

21 A Okay. I would say that is a cost study, if  
22 that's -- that's what we filed with the FCC as the  
23 cost support for the \$4.14 with the supporting  
24 documentation.

25 I, again, am not the cost expert, but I

1 wouldn't expect we would be filing with the FCC cost  
2 estimates.

3 Q Let me turn you to Page 10, Line 24 through  
4 Page 11, Line 3 of your deposition transcript. And  
5 you state that GTE has instituted additional processes  
6 since the 1989 study that we're referring to that  
7 would have caused an increase in the cost of the PIC  
8 change.

9 I know that you mentioned several of those  
10 processes in your deposition. Could you explain what  
11 these processes are?

12 A That could increase the cost of a PIC  
13 change?

14 Q Yes.

15 A One that readily comes to mind is the  
16 process of comparing mechanically the three I'll call  
17 them databases or sources of information showing a  
18 specific lines PIC, whether it's the interLATA PIC or  
19 the intraLATA PIC.

20 In Florida those three sources, or databases  
21 of information, are SORCES, which is a service -- the  
22 end user's actual service order, MARK, which is the  
23 switch database, and that's what the switch looks to  
24 for that field of information, and our CARE database  
25 which is resident and subscription services.

1           Logically, those three databases of  
2 information should be and need to be consistent.  
3 Historically they, for a variety of reasons, fall out  
4 of consistency; and it was an area of concern for both  
5 GTE, as well as the interexchange carriers, as well as  
6 the end users.

7           The process that was instituted was called a  
8 mechanized three-way compare process to compare,  
9 produce error reports so that research can be  
10 performed and clean-up activity performed prior to  
11 complaints from either the end user or their  
12 interexchange carrier.

13           Q     These processes that we mentioned, let's  
14 sort of take some of them up one by one. Now, are  
15 they -- my question for you with regard to each  
16 process is, are they used for -- do they have  
17 additional uses in addition to PIC changing? For  
18 example, the SORCES, is that used for other processes  
19 or other functions in addition to the PIC change?

20           A     Well, SORCES is used to handle every aspect  
21 of an end user's order, whether you're calling in for  
22 call waiting, a new service, a disconnect, or a PIC  
23 change.

24                     Of the process I just described of the  
25 three-way compare, it is -- that three-way compare

1 process is going to SORCES, pulling your PIC  
2 information, comparing that to MARK, comparing that to  
3 Subscription Services and making sure that they are  
4 all consistent.

5 Q So the three-way compare process is just  
6 used for the PIC change?

7 A Correct.

8 Q But incorporates these other processes, or  
9 these other functions?

10 A These other -- it has to look to other  
11 systems for its information.

12 Q Are there any other processes that you can  
13 think of that would have caused an increase in the  
14 cost of the PIC change?

15 A Well, there are other systems that have been  
16 instituted that were not reflected in that '89 study,  
17 such as there's a front end ordering system to SORCES  
18 called CMSS that speeds the service rep's time of  
19 entering an order.

20 SORCES was a -- I call it a 1960's vintage  
21 service order system. CMSS is a more friendly  
22 click-and-choose sort of service order vehicle that  
23 interfaces an electronic method with SORCES. So it  
24 speeds the service rep's time of entering information,  
25 yet it's a system that was instituted for a variety of

1 products that isn't reflected in the mechanized system  
2 expense of that '89 study. It didn't exist at that  
3 time.

4 Q And you believe that the implementation of  
5 these processes that we've just discussed, the two  
6 that you've mentioned that would have caused an  
7 increase in the PIC change, do you have any idea what  
8 sort of increase in the cost of the PIC change?

9 A I would say that they, both labor and  
10 processes, would cause increases and/or decreases in  
11 the PIC change with the components of that cost study.  
12 And whether or not on average the \$4.14 is high or  
13 low, I cannot attest to.

14 Q So you have no indication of whether it  
15 would increase or decrease as a result of these new  
16 processes?

17 A With both labor and processes, no, I cannot  
18 say.

19 Q Now, these two processes -- the three-way  
20 compare process is used 100% for the PIC change; is  
21 that correct?

22 A I do believe so, yes.

23 Q And then the other process that you just  
24 mentioned -- I forgot --

25 A CNSS.

1           Q     Now, is that used -- what percentage of that  
2 process is utilized for the PIC change?

3           A     I don't know.

4           Q     I'd like to turn your attention to Pages 13  
5 through 15 of your deposition where you describe the  
6 CARE process, the customer account record exchange  
7 process, for intraLATA PIC change. And Page 14, Lines  
8 9 through 11, specifically you state that the  
9 transaction to MARK does the, quote, "the physical  
10 work on the customer line to update that line  
11 database." Is this correct?

12          A     Yes.

13          Q     Could you explain what you mean by physical  
14 work?

15          A     The line data -- the switch has a -- call it  
16 a database for each line that's working in that  
17 switch, every 10-digit telephone number working in  
18 that switch.

19                   One of the fields that MARK maintains is how  
20 do I route calls originated from this 10-digit  
21 telephone number. And of course it's by the type of  
22 call originated and the jurisdiction of that call.  
23 And so two of the fields that the switch maintains in  
24 that line database is the interLATA PIC and intraLATA  
25 PIC which tells the switch, for example, how to route

1 a 1+ interLATA call and a 1+ intraLATA call and --  
2 it's the routing instructions.

3 Q So the physical work is the routing  
4 instructions?

5 A The physical work in the switch is changing  
6 the CIC code, for example from 288 to 222, if the end  
7 user changes to MCI for either the interLATA PIC or  
8 the intraLATA PIC.

9 Q For the record, could you say what do you  
10 mean by the CIC code?

11 A The CIC code is the carrier's -- carrier  
12 identification code. AT&T's CIC code, for example --  
13 one of their CIC codes is 288, and I do believe one of  
14 MCI's CIC codes is 222.

15 When the switch sees one code or the other,  
16 it tells the switch what trunk group to route that end  
17 user's originating interLATA or intraLATA calls onto  
18 so that that call will route to the appropriate  
19 interexchange carrier.

20 Q So this physical work, if I'm understanding  
21 you correctly, it's not -- doesn't in any way refer to  
22 the labor referred to in the '89 cost study, WM-1?

23 A I'm sorry. Can you ask me --

24 Q We were trying to understand what you meant  
25 by physical work, and I think I'm understanding you to

1 say that it does not allude to in any way the labor  
2 that's in the first column of your Deposition Exhibit  
3 WM-1, now found in Staff's Exhibit WM-3 at Page 50;  
4 Page 3 of WM-1.

5 A And that work would have been reflected in  
6 the third set under Service Activities Assignment.

7 Q Okay. And how is it reflected in that?

8 A That is the work that was referred to in  
9 that cost study as -- as the switch -- it's updating  
10 that line database.

11 Q Now, in 1998, today, the customer line  
12 update, now is that done manually or is that  
13 automated?

14 A I imagine that most of it is automated. I  
15 do not know to what extent some of it needs to still  
16 be manual. I do believe that, for example, for  
17 CENTREX much of it is still manual.

18 Q So in your opinion, you would conjecture, at  
19 least, that most of it is probably automated today?

20 A Given that the majority of our lines are  
21 non-CENTREX, I would conjecture that most of it is  
22 automated. There still might -- or still probably is  
23 labor time involved, especially when the three-way  
24 compare process kicks out an error report that shows  
25 databases out of sync for a particular -- call it our

1 residential line. Someone has to investigate why  
2 that's out of sync and which database is correct and  
3 go fix it. That would tend to be a manual activity.

4 Q I'd like to turn you to Page 16 of your  
5 deposition transcript, Line 25. Line 25 you state "We  
6 consciously made the decision of splitting that B into  
7 an A and an E." Is this correct?

8 A That is correct.

9 Q Just for clarification, could you briefly  
10 describe these various transactions? What is an "A"  
11 transaction?

12 A I'm sorry. I missed that question.

13 Q Could you briefly describe what an "A"  
14 transaction is?

15 A An "A" transaction is the transaction code  
16 on a CARE feed that tells us that it's the intraLATA  
17 PIC that is being changed.

18 Q So it's the intraLATA PIC. Then an "E"  
19 transaction would be the interLATA PIC?

20 A That is correct.

21 Q And a "B" transaction would be both?

22 A Correct.

23 Q Now, the split that we're discussing here  
24 that GTE has done, was the split the result of a  
25 customer, such as IXC's, request?

1           **A**    **No.**

2           **Q**    **Could you explain why the split was done? I**  
3 **guess you're saying it was GTE's decision. And why**  
4 **did GTE make that decision?**

5           **A**    **GTE made that decision so that we could**  
6 **accurately provide back to the interexchange carrier**  
7 **the confirmation that the PIC change that they**  
8 **requested was performed.**

9                   **If they sent us a B CARE transaction and we**  
10 **accepted just a B CARE transaction and processed a**  
11 **B CARE transaction and then found that either the**  
12 **intraLATA or interLATA change could not be made for a**  
13 **variety of reasons, one being that that jurisdiction**  
14 **of PIC was frozen on the end user's account, then we**  
15 **could not provide back to the interexchange a**  
16 **B confirmation CARE transaction, which the carrier**  
17 **would logically be expecting confirmation on.**

18                   **We would have to send either an A or an E,**  
19 **whichever jurisdiction we could change, which would**  
20 **have caused carrier inquiries. So we split the B into**  
21 **the A and the E, and we provide positive confirmation**  
22 **on those jurisdictions which we can change. Our**  
23 **records are then accurate, as well as the carrier's**  
24 **records.**

25           **Q**    **Now, has GTE ever tested processing a B PIC**

1 change order?

2 A Have we tested processing the "B," as in  
3 "boy"?

4 Q Yes.

5 A Through the system?

6 Q Yes.

7 A I mean, because obviously we accept the  
8 B and then split it. We have not tested, to my  
9 knowledge, taking the B downstream, because we never  
10 instituted a process by which we could.

11 Q Well, in your deposition on Page 17, Lines 6  
12 through 7 and 12 through 14, you state that "We could  
13 not guarantee that the switch would take both PIC  
14 changes at the same time." And further you go on to  
15 say that it was very conceivable that the switch could  
16 process one jurisdiction for the other, and I think  
17 you've just indicated that.

18 If you didn't do any test processing, how  
19 did you arrive at these conclusions?

20 A How did I arrive at the conclusion that the  
21 switch could not process both PICs at the same time?

22 Q Right.

23 A That came basically from our switching  
24 engineers that handled -- that worked on this project  
25 with me on how are we going to implement intraLATA

1 equal access; and that was basically around the same  
2 time that the industry was inventing the B CARE  
3 transaction.

4           So at that point in time we said, what are  
5 we going to do with a B CARE transaction; can we  
6 process that as a B.

7           And prior to instituting the time and date  
8 stamp form of positive confirmation back to the  
9 carrier, we probably could have processed a B, but it  
10 would have been full of the same holes that our  
11 previous process was, which was basically we got  
12 the B; we sent it downstream; we assumed that  
13 downstream did what it was supposed to do; therefore,  
14 we're telling you, Mr. Carrier, that we have performed  
15 that work.

16           With the time and date stamp of the switch,  
17 the engineers basically told us they could not  
18 guarantee that both of those PIC changes would be  
19 installed on the line at the same point in time,  
20 therefore, what confirmation in terms of a date and  
21 time stamp should we send back to the carrier.

22           Q     If a B PIC change order was processed  
23 together and not split apart, and that stamp provided  
24 two sequential times, do you have any idea how much  
25 time that would save for the process?

1           A     Sooner or later -- I do not know. Sooner or  
2 later, the switch, given its current configuration,  
3 has to populate an interLATA and an intraLATA field.  
4 There is currently, and to my knowledge, no field in  
5 the switch configuration for routing instruction that  
6 basically tells the switch "route both the interLATA  
7 and the intraLATA traffic to the same carrier because  
8 this field populated." Call it a B field.

9           Q     So is it my understanding, from what we  
10 discussed earlier regarding the interexchange  
11 carriers, that there's been no indication that they  
12 would not accept a sequential time/date stamp?

13          A     Well, they do today. Our problem was -- is  
14 if the -- let's just say we processed the B down to  
15 the switch, and the interLATA was processed at  
16 12:01 p.m. on a certain day and the intraLATA was  
17 processed at 1:05 p.m. on the same day, which -- and  
18 we're sending the carrier back a B confirmation, at  
19 what point in time do we tell the carrier that we  
20 installed those PIC changes.

21                   It's either 12:01 or it's 1:05, or something  
22 in the middle perhaps, but neither one is going to be  
23 accurate. We are accurate, but -- by providing them  
24 the 12:01 on the interLATA and the 1:05 on the  
25 intraLATA.

1           Q     Are you aware of any other incumbent local  
2 exchange carriers in Florida that use this type of  
3 split process when they process an inter and intraLATA  
4 PIC change?

5           A     I am not.

6           Q     Do you know if the interexchange carriers  
7 have any problems with your processing these PIC  
8 changes with the two separate times?

9           A     I am not. (sic)

10          Q     Turn to Page 18 of your deposition, Lines 21  
11 through 25. And we discussed the savings issue and  
12 the two minutes of labor savings issue on a  
13 simultaneous PIC change for inter and intraLATA.

14                   Now, since the deposition have you verified  
15 that there would be -- possibly be any other savings  
16 associated with the B coded PIC change in addition to  
17 the two minutes of labor savings?

18          A     I have not done any other research since the  
19 deposition.

20          Q     So your answer would stay the same?

21          A     Correct.

22          Q     Referring to Page 20 of your deposition  
23 transcript, Lines 23 through 25 where you alluded to  
24 the two minutes' savings associated with the  
25 two-for-one simultaneous PIC change, is this time

1 savings solely realized when an end user contacts a  
2 GTE service representative, or does this include a  
3 CARE system change order?

4 A This -- that two minutes only is realized  
5 when an end user calls the GTE business office.

6 Q Turning to Page 24 of your deposition  
7 transcript, Lines 17 through 23, and this -- where we  
8 discuss if the Commission were to determine that GTE  
9 must provide the simultaneous PIC -- a B coded PIC  
10 request, what would GTE need or have to do in order to  
11 comply with such an order?

12 A GTE does accept the B CARE transaction.  
13 What GTE does with that B CARE transaction internally  
14 I'm not sure should be of a concern. We accept the  
15 B CARE transaction.

16 Q If the Commission were to order GTE that  
17 that process was not reasonable, that that -- there  
18 needed to be -- there needed not to be a split once  
19 the B transaction was received by GTE, what would GTE  
20 have to do in order to comply with such an order?

21 A I do believe GTE would have to go back to  
22 switch manufacturers like Lucent and request new  
23 specifications for the intraLATA two-PIC software to  
24 recognize not only the intraLATA routing field and the  
25 interLATA routing field, but also a combined routing

1 field to allow for, for example, 288 to be populated  
2 in this combined routing field, and, therefore, route  
3 both interLATA and intraLATA to AT&T's POP when this  
4 field was populated.

5 Q Recognizing that you're not a cost expert,  
6 do you have an estimate of what that would cost GTE to  
7 update its processes to meet that type of order?

8 A Well, that is more of a switch manufacturer  
9 expense for software releases. I can testify that  
10 GTE's, say, bill for the intraLATA equal access switch  
11 software that was purchased to support the current  
12 releases for intraLATA equal access for the switches  
13 that we have deployed across GTE was about  
14 \$20 million. I do not know what it would cost to  
15 revise those specifications.

16 Q Now, that software would have to be  
17 completely replaced or just modified in some way?

18 A I do not know.

19 Q Turn to Page 33 of your deposition  
20 transcript, Lines 18 through 20; and this is something  
21 that was discussed earlier with AT&T and MCI counsel.

22 When questioned about the percentage of  
23 electronic CARE system orders received in 1989, the  
24 time of the cost study, you indicated that you did not  
25 know. Is that still correct?

1           A     That is correct.

2           Q     Now, since your deposition, have you been  
3 able to verify the percentage of electronic orders  
4 received in the 1989 time frame?

5           A     No, I have not.

6           Q     Do you believe it's in a reasonable  
7 percentage to use in 1998?

8           A     In 1998 whether 86% is reasonable?

9           Q     Yes.

10          A     Yes, I think that's reasonable.

11          Q     And why do you think it's reasonable?

12          A     That's what the percentage was in June  
13 of '96.

14          Q     And you don't think there's been any  
15 significant change since that time, June of '96?

16          A     I would not think so.

17          Q     So just for clarification, the 1989  
18 percentage is the same as the 1996 percentage as far  
19 as the percentage of automated transactions, CARE  
20 transactions?

21          A     I would say that the -- I do not know what  
22 the '89 percentage is. I would say that the '98  
23 percentage is reasonably close to the '96 percentage.

24          Q     Do you have any idea if '89 would be lower  
25 than the '96 percentage?

1           A     I'd say '89 would be lower than '96.

2           Q     And in your opinion, would it be  
3 significantly lower or --

4           A     It's tied directly back to interexchange  
5 carriers, basically their telemarketing activities to  
6 end users. I do not know if in '96 that was  
7 significantly more than it was in '89.

8           Q     And is that the only reason it would be  
9 lower, in your opinion?

10          A     In my opinion, that's the only thing I can  
11 think that would cause it to be different.

12          Q     Turn to Page 36 of your deposition  
13 transcript, Lines 3 through 8. In this part you were  
14 questioned whether more automation of GTE processes  
15 would have changed the time required for our service  
16 activities assignment, and you responded that that was  
17 a fair characterization that it would require more  
18 automation. Is this correct?

19          A     That is correct.

20          Q     With the present degree of automation in the  
21 PIC change process, do you know how much time is  
22 required to perform the service activities assignment?

23          A     No, I do not.

24          Q     Do you have an estimate on how it would  
25 affect the data that's supplied in the cost study that

1 you filed in this proceeding?

2           A     I would suspect that the amount of labor  
3 involved in both service order taking and switch  
4 translation activities would be lower today than it  
5 was in '89. I would also suspect that the mechanized  
6 system expense would be higher in -- higher today than  
7 it was in '89.

8           Q     Now, the labor reflected in that '89 cost  
9 study is four minutes per service order?

10          A     Correct.

11          Q     Do you have any idea how much lower that  
12 would be?

13          A     I do not.

14          Q     Would it be more than a minute?

15          A     I have no opinion.

16          Q     With the present degree of automation in the  
17 PIC change process, do you know how much time is  
18 required to implement a PIC change request from start  
19 to finish?

20          A     (Pause) No.

21          Q     You paused. Do you have any idea of the  
22 time involved?

23          A     No. I was pausing because I was really  
24 thinking through your question to make sure I  
25 understood it.

1           **MS. CASWELL:** Can I ask for a clarification,  
2 Will? When you say the time it takes to process, do  
3 you mean a manual PIC change or -- an end  
4 user-initiated PIC change order, or do you mean the  
5 mechanized transaction?

6           **MR. COX:** Well, it's for both; first for the  
7 end user, and then for the mechanic. That's a good  
8 clarification.

9           **Q**       **(By Mr. Cox)** So for either of those, do  
10 you have any indication of the time start to finish,  
11 either the manual or the mechanized?

12           **A**       No, I do not.

13           **Q**       Turn to Page 39 of your deposition  
14 transcript, Lines 8 through 13 where you've enumerated  
15 the charges that other RBOCs charge for PIC change  
16 charge. Do you know how much Sprint-Florida charges  
17 for its PIC change?

18           **A**       Yes. Since the deposition, I did go back  
19 and look in tariffs.

20           **Q**       Could you state that amount?

21           **A**       Sprint-Florida at the interstate level  
22 charges \$4.80.

23           **Q**       And how does that compare with GTE's PIC  
24 change charge?

25           **A**       GTE's PIC change charge is \$4.14, so it's

1 higher.

2 Q Now, do you know if Sprint-Florida has  
3 agreed with the Commission's 30% rate additive for the  
4 two-for-one PIC change?

5 A I believe I read that they did.

6 Q Last question refers to Page 43 of your  
7 deposition, Lines 15 through 16. And you state "We're  
8 doing balloting for intraLATA equal access."

9 Could you explain what you mean by the  
10 phrase "We're doing balloting for intraLATA equal  
11 access"?

12 A Certainly. Just give me a moment to read  
13 through this in context.

14 Q Sure.

15 A (Pause) And I read that on the airplane  
16 last night, and I'm going to check my errata sheet  
17 here. That was an item that should have been  
18 indicated on the errata sheet to say: And again we're  
19 not doing balloting for intraLATA equal access;  
20 therefore, the problem was starting another 90-day  
21 clock without identical processes that started the  
22 90-day clock in the interLATA; and that 90-day clock  
23 process began with balloting and the receipt of the  
24 ballot back from the end user.

25 So without doing balloting for intraLATA

1 equal access, you right up front couldn't emulate a  
2 90-day clock for the free PIC change, which is why GTE  
3 instituted a process for the intraLATA PIC change of  
4 the first one is free regardless of the amount of time  
5 that has elapsed since we first offered you intraLATA  
6 equal access.

7 Q With the clarification that GTE is not doing  
8 balloting for intraLATA equal access, what is meant by  
9 the term "balloting"?

10 A Balloting is the term used when you first  
11 offer interLATA equal access, to send a ballot to each  
12 end user served by that central office which shows the  
13 end user which interexchange carriers have indicated  
14 to GTE that they plan on providing feature Group D  
15 switched access service to those end users and,  
16 therefore, are presubscribable to that end user.

17 The end user then marks the ballot and signs  
18 it, sends it back to GTE. That is the PIC which we  
19 install on the end user's line on the date of  
20 conversion to interLATA equal access in that end  
21 office.

22 Q IntraLATA equal access?

23 A That was inter.

24 Q Inter.

25 A Inter. GTE has not been ordered to do any

1 intraLATA equal access balloting in any of the states  
2 in which GTE serves.

3 Q So in your opinion, what's the purpose of a  
4 ballot?

5 A The ballot's purpose is to educate the end  
6 user that on a specific date in time he has a choice  
7 to make on where -- a choice to make regarding which  
8 interexchange carrier he wants to handle his interLATA  
9 toll calls.

10 Prior to interLATA equal access, the end  
11 user has no such choice on a 1+ dialing basis. AT&T  
12 is the default carrier for all such calls.

13 Q So the ballot is used as a mechanism to  
14 allow the end user customer to know that he or she has  
15 a choice of carrier?

16 A And to indicate back to the company what  
17 that choice is.

18 Q And such a mechanism, you say, has not been  
19 ordered for the intraLATA equal access?

20 A That is correct.

21 MR. COX: That concludes Staff's questions.

22 CHAIRMAN JOHNSON: Commissioners? Redirect?  
23  
24  
25

**REDIRECT EXAMINATION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**BY MS. CASWELL:**

**Q** Mr. Munsell, are the inter and intraLATA PIC change processes the same for GTE?

**A** They are.

**Q** You talked with Mr. Logan a little bit about PIC change rates for other companies. Do you recall who has the highest PIC change rate across the states, the Bell companies?

**A** Pacific Bell.

**Q** And what is that rate?

**A** \$5.26.

**Q** Does that \$5.26 rate imply anything to you with regard to whether they performed a cost study?

**A** It would imply that they did perform a cost study in the same time that GTE did for the FCC, which would have been 1988 or 1989.

**Q** And you talked with Mr. Cox a little bit about potentially modifying GTE's system to split the B -- to process the B transaction all at once instead of splitting it into A and E transactions.

Now, if GTE were to do that, would that have any implications for PIC freeze processing?

**A** It definitely would, and that part of the process of accepting and processing the B down to the

1 switch would have to be a recognition that one or the  
2 other jurisdiction is frozen via a PIC freeze on the  
3 end user's line, and that that B transaction actually  
4 could not be installed in the switch at that point in  
5 time when we recognized that, and it would have to be  
6 split into an A and an E or rejected entirely.

7 Q So would it make PIC change freezes harder,  
8 if not more -- if not impossible to do in one of the  
9 other jurisdictions?

10 A We would still accept the PIC freeze from  
11 the end user. We would still respect and honor that  
12 PIC freeze. We would then have a decision to make on  
13 the B transaction when we found a PIC freeze in one or  
14 the other or both jurisdictions; do you reject the B  
15 entirely, or do you process that portion of the B  
16 which you can process and return that CARE transaction  
17 with the appropriate code showing which jurisdiction  
18 was updated. That would be a business decision we  
19 would have to make, but we could not process a B.

20 Q Okay. And I think you mentioned a  
21 \$20 million figure with regard to the cost of  
22 implementing equal access, the software part of it,  
23 equal access. Was that cost spread over the states,  
24 do you know?

25 A Yes, it was.

1           Q     If the Commission here ordered you to do --  
2 switch your software modifications that made it  
3 possible for you not to split out the B transaction,  
4 would that cost be just specific to Florida?

5           A     No other state has even remotely indicated  
6 that that processing of B down to the switch is  
7 something that they're interested in GTE doing. So,  
8 yes, I would think it would be totally assigned to  
9 Florida.

10          Q     And would you expect that those costs would  
11 need to be recovered in your PIC change charge?

12          A     I would think that they would be recovered  
13 in the equal access recovery charges.

14                COMMISSIONER CLARK: Let me interrupt for a  
15 minute. You're saying that the other states have  
16 accepted your position that -- to require -- to ask  
17 for a two-PIC change, it is acceptable to have two  
18 charges? Have they made that decision, affirmative  
19 decision?

20                WITNESS MUNSSELL: Yes. In 16 states that is  
21 true. And the question that Ms. Caswell was asking me  
22 more specifically was, regardless of whether I charge  
23 a one or a two PIC change charges of -- if the carrier  
24 sends me a B CARE transaction, should the Commission  
25 require me to process that into the switch as a B, or

1 is it allowable for me as a company to split that into  
2 an A and an E transaction and process those.

3 So to answer Ms. Caswell's question, no  
4 other Commission has looked at that that I'm aware of,  
5 relative to your question.

6 Other commissions have looked at that, and  
7 16 of the 27 states that we operate in have allowed  
8 both PIC charges to be charged when both PICs change  
9 on the same order.

10 COMMISSIONER CLARK: Okay.

11 Q (By Ms. Caswell) Okay. And I think you  
12 discussed also with Mr. Cox the matter of how much  
13 time it takes for the system to process through the  
14 PIC change. Do you think that information is relevant  
15 at all to your recommendation that there should be two  
16 separate PIC change charges?

17 A I'm sorry, Ms. Caswell; can you ask me that  
18 again?

19 Q Maybe -- yeah. Maybe it's not clear. Do  
20 you recall your discussion with Mr. Cox when he asked  
21 you about how long it takes to process a PIC change  
22 transaction through the system, and I believe your  
23 answer was you didn't know.

24 A Correct.

25 Q Do you think that information would be at

1 all helpful to determining what the Commission should  
2 do in this case?

3 A Absent any more concrete numbers than I've  
4 been able to provide to this Commission via my  
5 description of the processes and my testimony and my  
6 deposition, the next logical step would be a  
7 full-blown cost study of what's it cost to change an  
8 intraLATA PIC by itself and an intraLATA PIC in  
9 conjunction with an interLATA PIC on the same order.  
10 That would be the next logical step. Other than that,  
11 I do not know of what value it would be.

12 Q Okay. Is GTE's policy of one free PIC  
13 regardless of when it occurs more generous than what  
14 the Commission has ordered BellSouth to do?

15 A It is.

16 Q And could you explain why it is?

17 A It is open-ended without -- it is  
18 open-ended. If we deployed intraLATA equal access in  
19 one of our central offices in June of '96 and the end  
20 user does not change their PIC until the year 2000,  
21 that PIC in the year 2000 will be made without charge  
22 to the end user.

23 Q Okay. And last question: You talked a  
24 little bit about balloting again with Mr. Cox. I know  
25 that you weren't involved in the 1+ case here, but are

1 you aware of whether the IXCs agreed to do no  
2 balloting in Florida?

3           A     I do believe they did. Across the states  
4 generally the position of both GTE and the IXCs was  
5 balloting was a very confusing and expensive  
6 proposition. There is no need to confuse end users  
7 any more with an intraLATA ballot and perhaps have  
8 them think that they're changing their interLATA  
9 carrier as a result of that ballot, because we all  
10 know no end user -- very few end users -- understand  
11 the distinction between intraLATA and interLATA  
12 calling, and try as we might, we're going to be  
13 hard-pressed to educate them on that difference.

14           MS. CASWELL: Thank you, Mr. Munsell.

15           CHAIRMAN JOHNSON: One exhibit, Exhibit 1,  
16 was marked but not admitted?

17           MR. COX: Yes. We would move at this time  
18 WM-3 Staff's Composite Exhibit 1.

19           CHAIRMAN JOHNSON: We'll show that admitted  
20 without objection.

21           (Exhibit 1 received in evidence.)

22           CHAIRMAN JOHNSON: Thank you, sir. You're  
23 excused.

24           (Witness Munsell excused.)

25

- - - - -

1                   **CHAIRMAN JOHNSON:** We'll take the next  
2 witness.

3                   **MR. BOND:** MCI would call Tom Hyde.

4                   - - - - -

5                   **THOMAS HYDE**

6 was called as a witness on behalf of MCI  
7 Telecommunications Corporation and, having been duly  
8 sworn, testified as follows:

9                   **DIRECT EXAMINATION**

10 **BY MR. BOND:**

11           **Q**     Could you state your name and address for  
12 the record?

13           **A**     My name is Thomas Hyde. My business address  
14 is 780 Johnson Ferry Road, Suite 700, Atlanta,  
15 Georgia 30342.

16           **Q**     Did you prefile direct testimony in this  
17 matter?

18           **A**     Yes, I did.

19           **Q**     Do you have any changes or corrections you  
20 would like to make to that testimony?

21           **A**     No, I do not.

22           **Q**     If I was to ask you the same questions that  
23 appear in your prefiled testimony today, would your  
24 answers be the same?

25           **A**     They would.

1                   **MR. BOND:** Ms. Chairman, I ask that  
2 **Mr. Hyde's testimony be inserted into the record as**  
3 **though read.**

4                   **CHAIRMAN JOHNSON:** It will be so inserted.  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1           **I.     Qualifications**

2           **Q.     PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND EMPLOYMENT.**

3           **A.     My name is Thomas Hyde. I am presently providing consulting services to MCI**  
4           **Telecommunications Corporation ("MCI").**

6           **Q.     PLEASE STATE YOUR BACKGROUND AND QUALIFICATIONS.**

7           **A.     I have over thirty years of experience in telecommunications including installation,**  
8           **maintenance and design of switched and special toll services with AT&T; pricing, rate**  
9           **and tariff development with South Central Bell and BellSouth Telecommunications**  
10          **(BST) for various services including intrastate and interstate switched and special access;**  
11          **and access and technology planning with the National Exchange Carrier Association**  
12          **(NECA). My job responsibilities required that I master diverse telecommunications**  
13          **disciplines including network design, equipment installation and maintenance, rate and**  
14          **tariff development, project management and technical aspects of the public switched**  
15          **network. In the 1980's, while responsible for the switched and special access rate and**  
16          **tariff development for BST following the divestiture of the Bell System, I developed rates**  
17          **and support documentation for the implementation of access. As part of that process, I**  
18          **also had the responsibility of assuring the validity of the cost and demand inputs used in**  
19          **developing those rates. During this time the Federal Communications Commission**  
20          **(FCC) held that this was the methodology to be emulated by the other Regional Bell**  
21          **Operating Companies (RBOCs). For the past five years I have been responsible for**  
22          **access and technology planning at NECA, responsible for planning and implementation of**  
23          **Local Transport Restructure, Access Reform, ISDN, SONET and various other services.**  
24          **I am presently providing telecommunications consulting services to MCI. I have recently**  
25          **filed unbundled network element non-recurring cost testimony with the Alabama,**

1 Georgia, Florida, Louisiana, and South Carolina Public Service Commissions and the  
2 Tennessee Regulatory Authority. In addition, I have also recently filed Universal Service  
3 Benchmark testimony with the Kentucky, Louisiana, and the South Carolina Public  
4 Service Commissions and the Tennessee Regulatory Authority.

5

6 **II. Purpose of Testimony**

7

8 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

9 **A. The purpose of my testimony is to discuss the issue of whether GTE should be required  
10 to impose a single PIC change charge plus no more than a 30% rate additive on a  
11 customer who changes both interLATA and intraLATA carriers at the same time to the  
12 same carrier.**

13

14 **Q. DOES GTE CURRENTLY OFFER ANY DISCOUNT WHEN A CUSTOMER  
15 CHANGES BOTH INTERLATA AND INTRALATA CARRIERS  
16 SIMULTANEOUSLY TO THE SAME CARRIER?**

17 **A. No. GTE currently charges \$4.14 each for interLATA and intraLATA PIC changes.  
18 They currently offer no discount when both are changed at the same time to the same  
19 carrier. In other words, they charge \$8.28 when both are switched.**

20

21 **Q. WHAT RATE ADDITIVE SHOULD BE USED WHEN A CUSTOMER  
22 CHANGES BOTH INTERLATA AND INTRALATA CARRIERS  
23 SIMULTANEOUSLY TO THE SAME CARRIER?**

24 **A. GTE has not yet filed any cost studies in this matter. Until I have reviewed the cost  
25 studies, I cannot give a precise recommendation on the issue of what the appropriate rate**

1 additive should be. I intend to review the cost studies filed by GTE in this matter and, if  
2 necessary, I will file rebuttal testimony on the issue of cost. It is my understanding,  
3 however, that GTE intends to argue that there is little, if any, cost savings when both the  
4 interLATA and intraLATA carriers are changed at the same time to the same carrier. As  
5 a general proposition, I am quite skeptical of any claim that when both PICs are changed  
6 simultaneously to the same carrier there would not be a substantial cost savings due to  
7 the overlap in work processes and activities. In a complaint against BellSouth, this  
8 Commission has previously found a 30% rate additive to be reasonable. Commission  
9 Order No. PSC-96-1569-FOF-TP. Considering GTE's relatively high PIC change  
10 charges, I would anticipate that the appropriate percentage for GTE's rate additive  
11 would be less.

12  
13 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

14 **A. Yes.**

15  
16  
17  
18  
19  
20  
21  
22  
23  
24

1           Q           (By Mr. Bond) Could you please give a  
2 summary of your testimony?

3           A           Yes. GTE has not filed a current cost study  
4 for either the first or the second PIC in this  
5 proceeding. The only data presented by GTE is almost  
6 ten years old.

7                       Until GTE does file a current, verifiable  
8 cost study for the second PIC charge, I would  
9 recommend that this Commission cap GTE's PIC change  
10 charges at a level no higher than the level this  
11 Commission ordered for BellSouth, or at a maximum  
12 capped at 30% of GTE's first PIC change charge.

13                      It is important that this Commission realize  
14 that a PIC change charge that is too high, set too  
15 high, will limit competition. Until GTE does file a  
16 current cost study, it would result in a limit of  
17 competition for those consumers that wish to change  
18 their interexchange carrier or intraexchange carrier.  
19 For that reason, I would recommend that the level be  
20 capped.

21                      That concludes my summary.

22                      MR. BOND: Thank you. The witness is  
23 available for cross-examination.

24                      MS. CASWELL: Thank you.

25

**CROSS EXAMINATION**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

**BY MS. CASWELL:**

**Q** Mr. Hyde, my name is Kim Caswell. I'm with GTE.

**A** Good morning.

**Q** Good morning. Judging by your background statement in your testimony, it looks as if you've had a lot of experience in dockets in other states. Would that be correct?

**A** That's correct.

**Q** And at Page 3, Line 9 of your direct testimony, you make reference to GTE's, quote, "relatively high PIC change charges."

To whose rates are you comparing GTE's when you make this statement?

**A** I was looking in the southeastern states, yes; to BellSouth --

**Q** BellSouth only?

**A** That was the company that I did look at, yes. I compared GTE's Florida rate with BellSouth's and across the southeastern region as well.

**Q** So in your experience before other state commissions, you have had occasion to look at other Bell companies' PIC change charges other than BellSouth's?

1           A     I have had occasion to look at a number of  
2 interstate rates, including some interstate PIC change  
3 charges; not in -- specifically in other dockets, no.

4           Q     But are you aware that the rates for all the  
5 other Bell companies are at least \$5?

6           A     I am aware that the rates for the other Bell  
7 companies are higher than BellSouth, yes.

8           Q     And do you know what Citizens' and  
9 Sprint/United's PIC change rates are in Florida?

10          A     No, I do not.

11          Q     Would you accept for the -- subject to  
12 check, that they're \$5 and \$4.80, respectively?

13          A     I would accept that.

14          Q     So GTE's PIC change charge is, in fact,  
15 relatively low when compared to the rest of the  
16 country as well as the non-Bell LECs in Florida; isn't  
17 it?

18          A     I'm sorry. I didn't catch the last part of  
19 the question. Could you repeat that?

20          Q     So comparing GTE's PIC change rate with all  
21 of the Bell companies' rates in the rest of the  
22 country as well as the non-Bell companies in Florida,  
23 it's relatively low, isn't it?

24          A     It is indeed lower than the other Bell  
25 companies; excluding BellSouth, yes.

1 Q And do you know if BellSouth's PIC change  
2 charge rate is above its costs?

3 A I have not reviewed BellSouth's cost study,  
4 so I -- no, I could not answer that question one way  
5 or another whether it is or is not.

6 Q Do you know if BellSouth submitted a cost  
7 study in its complaint case?

8 A I have not seen one, no, so I could not  
9 answer whether they have or not.

10 Q So you don't know if that 30% additive was  
11 based on any cost study?

12 A No, I do not.

13 Q I'm sorry? You --

14 A No, I do not know whether it was or --

15 Q Okay.

16 A -- was not cost based.

17 Q Okay. Do you have any opinions as to why  
18 BellSouth's PIC change charge rate is so much lower  
19 than any other company's?

20 A An opinion?

21 Q Yeah.

22 A I couldn't answer specifically, not having  
23 seen the cost studies, but I would expect that  
24 BellSouth's cost study reflects a high percentage of  
25 mechanical flow-through of interexchange carrier or

1 PIC change charges.

2 Q Do you think part of the difference may be  
3 due to the fact that BellSouth did not provide  
4 features like no PIC and one free PIC unless it was  
5 compelled to do so, while other carriers provided  
6 those things right from equal access implementation?

7 A I would not be able to say one way or  
8 another until I saw a cost study.

9 Q Okay. Do you know if that 30% additive in  
10 the Bell case was agreed to by Bell?

11 A It's my understanding that Bell did not  
12 agree to it, they were compelled to, but I could be --  
13 that's my understanding.

14 Q At Page 3, Line 6 and 7 of your testimony,  
15 you talk about an overlap in work processes and  
16 activities when both the inter and intraLATA PICs are  
17 changed on the same order. Did you do any  
18 investigation to determine what these overlaps might  
19 be for GTE?

20 A No. I was waiting until I got a verifiable  
21 current cost study to do that test.

22 Q But you did see the cost study that  
23 Mr. Munsell submitted at the time of the deposition,  
24 did you not?

25 A I have seen that study, yes.

1           Q     Have you subsequently done any evaluation of  
2 the work studies or processes and the potential  
3 overlaps?

4           A     No, I have not.

5           Q     So your statement about overlaps is based  
6 more so on feelings rather than facts, isn't it?

7           A     I would say that I have not gone over any  
8 particular GTE cost study that would show an overlap  
9 situation, because I have not yet seen a GTE cost  
10 study that would allow verification of a flow-through  
11 process.

12                     The cost listing or estimate that I saw  
13 presented during the -- after the deposition certainly  
14 would not allow any kind of verification as to whether  
15 there was or was not overlap.

16           Q     Do you think the Commission should order GTE  
17 to do a new cost study for purposes of this docket?

18           A     I think this Commission should cap GTE's  
19 second PIC charge until such time as GTE does furnish  
20 a verifiable, current cost study.

21           Q     So was that a yes or a no?

22           A     Yes, I think they should order a current  
23 cost study for the PIC change charge, but until such  
24 time as the current cost study is done, then I think  
25 it should be capped at a percentage.

1 Q Do you believe the Commission should set  
2 GTE's PIC change rate below its cost in any instance?

3 A No, I do not.

4 Q So how can you recommend an arbitrary cap of  
5 30% or less without knowing anything about GTE's cost?

6 A That was the percentage cap level that this  
7 Commission applied to BellSouth for their second PIC  
8 change charge, and until such time as GTE can furnish  
9 a verifiable, current cost study, then it would be  
10 reasonable for this Commission to cap the second  
11 charge at 30% also.

12 Q So you think it's reasonable for this  
13 Commission to impose on GTE a rate that was imposed on  
14 BellSouth that was not, in fact, even based on a cost  
15 study for BellSouth?

16 A Until such time as GTE provides cost  
17 studies, yes, I do.

18 Q I believe in your summary you made a  
19 reference to the fact that -- your opinion that GTE's  
20 PIC change rate would sort of have a chilling effect  
21 on competition and perhaps customers changing their  
22 PICs. Did I understand that correctly?

23 A That can occur, yes.

24 Q Are you aware that 40% or more of GTE's  
25 customer base changes their interLATA PICs each year?

1           A     No. I have not seen the actual churn  
2 figures of PIC changes in GTE.

3           Q     But do you think a figure like that implies  
4 that there's any chilling effect at all of GTE's PIC  
5 change charge on customers' willingness to change  
6 their carriers?

7           A     That would imply to me that that's probably  
8 marketing driven charges from the interexchange  
9 carriers via the mechanized systems rather than end  
10 users. I would think that high level would have a  
11 chilling effect on an end user, however.

12          Q     So you think the current PIC change charge  
13 has had a chilling effect on customers' ability to  
14 change PICs?

15          A     I would think so, yes.

16          Q     Do you have any proof of that?

17          A     No, I do not.

18                MS. CASWELL: That's all I have. Thank you,  
19 Mr. Hyde.

20                CHAIRMAN JOHNSON: Staff?

21                                CROSS EXAMINATION

22 BY MR. COX:

23           Q     Good morning, Mr. Hyde. I'm Will Cox. I'm  
24 going to ask you a few questions on behalf of the  
25 Commission Staff.

1           First I'd like to you turn to, if you have a  
2 copy with you, the direct testimony filed by  
3 Mr. Munsell in this proceeding.

4           A     Yes, I do.

5           Q     On Page 3, Line 24 to Page 4, Line 1 of  
6 Mr. Munsell's direct, he states that the  
7 intra/interLATA procedures are identical and, hence,  
8 the costs are identical.

9           Now, would you agree that the intra and  
10 interLATA procedures are identical used by GTE?

11          A     If you reference just the procedures  
12 themselves for -- yes, I would say that they would be  
13 the same, the procedures would be, for changing.

14          Q     Now, if that is true, would you agree,  
15 therefore, that the costs for the intraLATA and the  
16 interLATA procedures would be identical?

17          A     If ordered one at a time, I would see no  
18 reason for the cost to be different. Where the real  
19 effect would be is on multiple PIC changes on the same  
20 order. So if an order was processed for a stand-alone  
21 intraLATA or a stand-alone interLATA, I would not see  
22 any justification for the costs to be different.

23          Q     So to understand that, that you would not  
24 agree that GTE is justified in charging for two PICs  
25 when a customer changes his or her intra/interLATA

1 PICs in a single transaction, a simultaneous  
2 transaction?

3 A No, I do not agree that two PICs on the same  
4 for -- that two PIC change charges for one single  
5 order would be appropriate.

6 I could see where there would be incremental  
7 costs associated with the PIC change charge for the  
8 additional PIC change charge, but certainly not a  
9 doubling of the existing single PIC change charge.

10 Q Now, is the basis of your opinion there just  
11 a common sense perspective?

12 A Partly that, yes; partly in studies that I  
13 have reviewed having to do with nonrecurring costs and  
14 those costs as they change with the advent of multiple  
15 orders, or multiple services on the same order.

16 Q Could you tell me specifically which studies  
17 you have reviewed that you're referring to?

18 A I have reviewed a number of nonrecurring  
19 cost studies, both in the UNE cases in several  
20 jurisdictions as well as the AT&T/MCI nonrecurring  
21 model for UNEs where it will show that -- and as well  
22 as nonrecurring cost studies for various other access  
23 elements as well where it shows that there is, indeed,  
24 efficiency savings associated with ordering two items  
25 on a same order as opposed to a stand-alone.

1           Q     Could you be a little more specific? I'm  
2 trying to figure out how you jump from looking at  
3 these other processes to intra/interLATA PIC change  
4 process we're talking about here.

5                     What would specifically lead you to believe  
6 that those similar efficiencies would occur here?  
7 Could you give some specific examples is what I'm  
8 asking you.

9           A     Specific examples of what I've looked at, or  
10 why I believe that it would apply here as --

11           Q     Both. You can start with --

12           A     Again, look at a manual flow-through order  
13 where an end user requests the PIC change as opposed  
14 to a manual flow-through of an unbundled network  
15 element. There you have an interface, manual  
16 interface, if you will, or service representative  
17 interface, dealing with an end user or a customer  
18 where all of the processes that are necessary for  
19 implementing the order are taken care of under the  
20 first increment that's ordered. The second item  
21 ordered would be a small incremental add-on to the  
22 times necessary to process the order.

23                     Within the mechanized system, there you  
24 reflect, in my opinion, a smaller savings, but yet you  
25 have the savings associated with that as well as they

1 flow through the mechanized systems.

2 In the case of GTE, it would appear that  
3 these cost studies are for manual rather than for  
4 mechanized, but it is impossible to verify whether  
5 they are or are not.

6 Q Any of the -- of the cost studies that  
7 you've reviewed for UNEs and whatnot that you've  
8 mentioned, could you refer to any of those  
9 specifically that were cost studies that were filed in  
10 Florida in a Florida proceeding?

11 A In the Florida proceeding?

12 Q In a Florida proceeding.

13 A In any Florida proceeding?

14 Q Yes.

15 A I'd have to get the exact -- I know one of  
16 the dockets is the 1140. What is it? 971140-TP was  
17 one of the proceedings, and the various other dockets  
18 associated with the unbundled network element  
19 nonrecurring charges.

20 Q And how were there similar efficiencies that  
21 you could arrive at looking at those cost studies?

22 A From the manual aspect when you look at the  
23 incremental costs necessary to add a second element  
24 onto the order that you're processing, that in this  
25 particular case you're looking at, in essence, a

1 translations charge, so that when you process through,  
2 you gather all the information necessary except for  
3 one additional translations charge that has to be  
4 made.

5           So all of your questioning of the end user  
6 customer is handled whether you do one or whether you  
7 do both, so that the only incremental add-on, if you  
8 will, for that other PIC change would be merely a  
9 flag-on of another field saying change both PICE  
10 instead of change one; and then a certain amount of  
11 additional translations changes within the switch.

12           Q     Page 4 of Mr. Munsell's testimony on Lines  
13 12 through 15, he states that the efficiency gains  
14 resulting from the two-for-one PIC change, two-for-one  
15 PIC changes, are minimal. And do you agree with this  
16 assessment?

17           A     No, I do not, but I can't verify the  
18 validity of his statement until I do obtain a  
19 verifiable, current cost study from GTE.

20           Q     So am I to understand that Mr. Munsell's use  
21 of the existing '89 intraLATA -- interLATA -- excuse  
22 me -- interLATA cost study as support for his  
23 intraLATA PIC change charge in this proceeding, that  
24 is not appropriate in your opinion?

25           A     In my opinion, no, it is not appropriate.

1 Q Is it because of the vintage or the fact  
2 that this type of -- the fact that we're talking about  
3 a simultaneous PIC of the inter and intraLATA?

4 A It's a combination of the vintage and the  
5 fact that it was a stand-alone cost study for a single  
6 PIC. As he stated himself, it predated intraLATA 1+;  
7 therefore, it isn't really applicable in my opinion,  
8 and there is a need for a new cost study to be  
9 performed that does properly reflect today's  
10 situations and today's costs.

11 Q And you have no opinion how that new cost  
12 study might differ from what was filed in 1989?

13 A I would expect the new cost study would show  
14 a lower rate or lower cost associated with flowing  
15 those through. But, again, until I see the cost study  
16 and get a verifiable cost study, my opinion would be,  
17 yes, it would be lower because of the mechanized  
18 systems and the improvements thereof, the melding of  
19 mechanized and manual end user changes as well.

20 Q I refer you to Page 5 of Mr. Munsell's  
21 testimony, Lines 23 through 24, and he states,  
22 Line 23, "Furthermore, GTEFL's existing one free PIC  
23 policy essentially achieves, to a great extent, a  
24 two-for-one PIC result." Do you agree with that  
25 statement?

1           A     No, I do not.

2           Q     Why don't you agree with that statement?

3           A     Although I can't applaud GTE's current  
4 policy of allowing their end user the ability to  
5 change without charge subsequent to any balloting, I  
6 cannot agree that that does achieve to a great extent  
7 a two-for-one PIC result, because in this case we are  
8 now into a 1+ presubscription in the state of Florida,  
9 and that allows the end user or the interexchange  
10 carrier to order either one or two PIC change charges.

11                     This is something that we can expect on an  
12 ongoing basis for the rest of the time that we have 1+  
13 presubscription, so that it really needs to be  
14 addressed specifically on the two-for-one application  
15 and does not achieve the same results based on the  
16 deferral, in essence, deferral of balloting, which is  
17 what their current procedures do.

18           COMMISSIONER CLARK: Mr. Hyde, maybe I  
19 misunderstood. What do you mean by the deferral of  
20 balloting?

21           WITNESS HYDE: GTE's current procedures,  
22 which is to allow if -- for instance, if someone  
23 ballots -- if there is a balloting and the --

24           COMMISSIONER CLARK: Wait a minute. I'm  
25 confused. Who says there is going to be a balloting?

1 I thought that was decided that there would not be  
2 balloting for --

3 WITNESS HYDE: Oh, no, no. It -- in  
4 referencing his testimony on Lines 23 and 24 where  
5 he's saying "Furthermore --

6 COMMISSIONER CLARK: Hang on. 23 or 24 of  
7 what?

8 WITNESS HYDE: Page 5 of Mr. Munsell's  
9 testimony.

10 COMMISSIONER CLARK: Okay. That's  
11 balloting.

12 WITNESS HYDE: It's a post -- it's one free  
13 PIC change charge post-balloting in an equal access  
14 conversion office.

15 COMMISSIONER CLARK: What post-balloting? I  
16 don't --

17 WITNESS MUNSSELL: For instance, again, GTE  
18 allows the one free PIC change charge after an office  
19 has been balloted -- at least it's my understanding --  
20 after the office has been balloted post equal access.

21 Now, if an end user decides they made a  
22 mistake in who they PIC'd to, or if they just failed  
23 to respond and were allocated to a particular carrier,  
24 GTE allows them one free change subsequent to that  
25 balloting regardless of how long after the balloting;

1 but it is associated with one free after the office  
2 goes equal access.

3 COMMISSIONER CLARK: Are there any offices  
4 in Florida that are not equal access, of GTE?

5 WITNESS HYDE: I don't know if any more of  
6 GTE's -- my understanding was that GTE had converted  
7 equal access, but I'm not positive if there is an  
8 office left or not.

9 COMMISSIONER CLARK: And if there isn't,  
10 there would be no balloting, right?

11 WITNESS HYDE: There would be no balloting,  
12 but all of their customers who had not yet exercised  
13 one change would get that first change free.

14 COMMISSIONER CLARK: But that's not  
15 balloting, is it?

16 WITNESS HYDE: No, it's not really  
17 balloting; no, ma'am.

18 COMMISSIONER CLARK: Okay.

19 Q (By Mr. Cox) So you would not agree that  
20 what GTE has done in this area is reasonable?

21 A Oh, I certainly think it's reasonable as far  
22 as allowing their end users the option of changing,  
23 but I do not think that it achieves the two-for-one  
24 PIC result.

25 In other words, I think that that's -- that

1 is something that needs to be addressed separately.

2 Q I'd like to turn your attention, if you have  
3 it with you, to the deposition transcript of  
4 Mr. Munsell, which is Staff's Exhibit 1.

5 A I have his deposition. What page?

6 Q Yes. Page 17 of the transcript.

7 A Seventeen?

8 Q Lines 12 through 14. Mr. Munsell testifies  
9 that it's very conceivable a switch could process a  
10 two-for-one PIC request with two different time  
11 stamps. Do you agree with him?

12 A It is conceivable, although I would think in  
13 most cases they would be so close as to be -- but it  
14 is conceivable they could be two different time stamps  
15 yes.

16 Q In your opinion, are the two different time  
17 stamps regarding the two-for-one PIC a problem for an  
18 exchange carrier such as MCI?

19 A I don't see that it's any great problem.

20 Q Turn to Page 27 of the transcript, Lines 5  
21 through 11. Page 27, Lines 5 through 11, Mr. Munsell  
22 states that the two minutes' savings will translate to  
23 only 8 cents or 2¢ of the \$4.14 savings in the  
24 two-for-one PIC. Do you agree with his calculation?

25 A As far as if he calculated it, I don't agree

1 with the underlying concept that he's used to generate  
2 this. But, again, as I say, we're dealing with -- as  
3 near as I can understand this, his calculation was  
4 only applied to 14% of the reduction. So it's only  
5 achieving a reduction in manually processed orders.  
6 The concept there is that there is -- as I read this,  
7 his concept is that there is no savings for electronic  
8 orders.

9 Q And why do you disagree with his concept  
10 here?

11 A That again, looking at an electronic  
12 flow-through, that again you're looking at a  
13 pass-through of certain data electronically from the  
14 interexchange carrier to GTE.

15 It is certainly going to require far less  
16 data transferred through when you merely flag another  
17 identifier saying "change two PICs instead of change  
18 one PIC," so that there would be time savings  
19 associated with mechanical as well as manual; but in  
20 his application he only applied it to the manual  
21 orders.

22 Q So you believe that there --

23 A I believe there to be cost savings, both  
24 mechanical and manual, and I believe that if -- a  
25 verifiable, current cost study would show that.

1 Q And you're basing that opinion on what?

2 A On cost studies that I have reviewed for the  
3 UNE elements --

4 Q The same cost studies?

5 A Those same -- those types of cost studies  
6 which are both mechanical and manual in nature.

7 Q I'd like to turn to the rebuttal testimony  
8 filed by AT&T witness Guedel in this proceeding. Do  
9 you have that with you?

10 A No, I don't believe so. If I could have a  
11 copy. Thank you.

12 Q Turning to Page 4 of his testimony, Line 28  
13 and then through Page 5, Line 3, Mr. Guedel states  
14 that "Mr. Munsell has not provided a verifiable cost  
15 study."

16 And it's your opinion that this is not a  
17 verifiable cost study, the attachment; is that  
18 correct?

19 A Of --

20 Q The --

21 A No, I would not say that this is a  
22 verifiable cost study. It's more of a cost list than  
23 it is a cost study.

24 Q Well, what do you mean by a cost list?

25 A There is no substantiation for the numbers

1 or for -- it's merely a listing of some times and a  
2 calculation based on some very old data, so that it is  
3 not verifiable; it's not explained. And I agree with  
4 the statement of Mr. Guedel on this.

5 Q So you don't believe the two pat -- pages  
6 attached in front of it offer any explanation of the  
7 cost study?

8 A I'm sorry. Would you repeat --

9 Q The two pages attached to that before the  
10 actual cost study.

11 A No, I don't believe that they really give  
12 any type of verifiable study of the cost necessary to  
13 do this function.

14 Q You don't think it's in -- a reasonable  
15 explanation of how they arrived at the figures?

16 A No, I do not, because it appears to be  
17 only -- it appears to be a manual study, in essence,  
18 looking at end users in a ten-year-old system. Again,  
19 it's -- it appears to be, but there's not enough data  
20 there to verify it.

21 Q Could you specifically state what some of  
22 that data that you would need would be?

23 A We would need some both electronic and  
24 manual time flows, some hard data backing up the  
25 numbers, explanation of how they're flowed through; a

1 normal cost study in other words.

2 Q Turning to Page 5 of Mr. Guedel's testimony,  
3 Lines 3 through 18, Mr. Guedel indicates that  
4 Mr. Munsell's method of determining an appropriate  
5 rate for the additional PIC is flawed, and he suggests  
6 a TSLRIC methodology. Would you agree TSLRIC is the  
7 appropriate cost methodology to use?

8 A Yes, I would.

9 Q And why would you agree?

10 A That would more appropriately reflect the  
11 cost incurred by GTE in the provisioning of this  
12 particular service and function by looking at a total  
13 service long run incremental cost. It will include  
14 more appropriately and more reasonably all of the  
15 costs necessary to implement this.

16 Q So if the Commission were to determine that  
17 TSLRIC is the appropriate costing model, do you  
18 believe that the rate of \$4.14 for a PIC change charge  
19 that GTE has proposed would be different?

20 A Yes, I do.

21 Q And how do you believe that would be  
22 different?

23 A I believe it would be significantly lower,  
24 especially when you meld in the mechanical 864  
25 mechanized interface order placing. In other words,

1 only 14% of the orders processed here are actually  
2 done in a manual end user basis.

3 I would expect that the cost study would be  
4 significantly lower because of the mechanical --  
5 majority of mechanically interfaced orders.

6 Q Using what GTE has filed, including those  
7 percentages, have you come up with an estimate of how  
8 much lower that it would be?

9 A My estimate would be that I would expect it  
10 to be somewhere between 70 and 80% lower, but that is  
11 an estimate, again based strictly on the percentages  
12 that I have in.

13 COMMISSIONER DEASON: Excuse me 70 to 80%  
14 lower than what?

15 WITNESS HYDE: Than the \$4.14.

16 COMMISSIONER DEASON: If it were done on an  
17 incremental cost basis?

18 WITNESS HYDE: If it were done on a TSLRIC  
19 basis with the proper melding of the mechanized  
20 majority of the orders.

21 COMMISSIONER DEASON: Have you seen any  
22 study in another state?

23 WITNESS HYDE: No, I have not, not  
24 specifically on the PIC change, but I have seen the  
25 studies that reflect mechanized flow-through of

1 orders, and I would expect that type of reaction here  
2 as well.

3 Q Turning to Page 7 of Mr. Guedel's testimony  
4 Lines 10 through 12, Mr. Guedel states that the  
5 Commission should not allow GTE any rate relief in  
6 addition to that allowed to BellSouth. Do you agree  
7 with Mr. Guedel's position here?

8 A Yes, I do.

9 Q And what's the basis of your position?

10 A Again, we're -- until such time as GTE does  
11 furnish a verifiable, current cost study, then we  
12 should -- this Commission should not simply allow them  
13 to charge two PIC change charges for a second PIC  
14 ordered on the same order, because that would provide  
15 them with an overrecovery of their costs potentially,  
16 a significant overrecovery, until, as I say, we could  
17 see their cost studies.

18 Q Why do you agree that the Commission needs  
19 to compare what it did to BellSouth to GTE here?

20 A I'm sorry? Could you --

21 Q Why do you -- why would you agree with them  
22 that we need to compare to BellSouth -- what the  
23 Commission has ordered with regard to BellSouth?

24 A Well, again, in -- my understanding of the  
25 BellSouth order is that BellSouth has not actually

1 provided a cost study, supportable cost study, for the  
2 second PIC on the same order. And this Commission  
3 determined that until such time -- my understanding  
4 this Commission determined that such time -- until  
5 such time as BellSouth would do that, that they would  
6 be capped at 30¢ of their first PIC charge for the  
7 second. I see no reason for this Commission to treat  
8 GTE differently than BellSouth.

9 Q Turning to last question, turning to Page 7,  
10 Lines 22 through 24, Mr. Guedel states that the  
11 competition for presubscribed customers depends on the  
12 customer's ability to change its PIC. Now, do you  
13 agree with Mr. Guedel?

14 A Oh, absolutely.

15 Q Do you know the percentage of GTE's  
16 customers that directly call in their PIC changes to  
17 GTE's business offices?

18 A It is my understanding that approximately  
19 14% of their customers do so.

20 Q And do you agree with GTE that it is only  
21 14% that call in? Is that the only data that you  
22 have?

23 A That's the only data I have. I can neither  
24 agree or disagree. I'm relying on their data.

25 MR. COX: Staff has no further questions.

1 Thank you, Mr. Hyde.

2 CHAIRMAN JOHNSON: Commissioners?

3 COMMISSIONER JACOBS: I have a couple.

4 Mr. Hyde, are you familiar with Mr. Munsell's  
5 testimony on how GTE would process an order that has  
6 two PIC changes on it?

7 WITNESS HYDE: Yes, I am.

8 COMMISSIONER JACOBS: And could you explain  
9 to me what your understanding of that is?

10 WITNESS HYDE: Well, my understanding here  
11 is, again looking at his testimony, is that -- let me  
12 get a specific out here -- that -- and I'd rather  
13 quote this from him. (Pause)

14 Again, looking at his testimony, the only  
15 savings associated with the processing of these orders  
16 is strictly on the manual -- 14¢ manual order. He  
17 hasn't even addressed the electronic at all.

18 COMMISSIONER JACOBS: Okay. It was my  
19 understanding that they actually take those orders and  
20 split them out into two different transactions that  
21 they actually process at the switch level. Was that  
22 correct?

23 WITNESS HYDE: That's what he said. I have  
24 no way of verifying that.

25 COMMISSIONER JACOBS: Accepting that to be

1 the case, what impact would that have on the cost, and  
2 specifically on the legitimacy of costs for a -- of  
3 charging two separate prices for each individual PIC  
4 change?

5 In other words, would the fact of separating  
6 out those two transactions justify the cost of that  
7 second PIC change?

8 WITNESS HYDE: I do not believe so. I do  
9 not think that separating it out would justify a full  
10 two charges, especially on the mechanized basis, which  
11 is the majority of cases.

12 Again, I don't believe it would justify  
13 that, and I think this Commission would be justified,  
14 though, in capping GTE's charges until such time --  
15 for the second PIC until such time as they do present  
16 a current, verifiable cost study.

17 COMMISSIONER JACOBS: Okay. Thank you.

18 CHAIRMAN JOHNSON: Redirect?

19 MR. BOND: No redirect.

20 CHAIRMAN JOHNSON: There were no exhibits.

21 Thank you, sir. You're excused.

22 (Witness Hyde excused.)

23

- - - - -

24 CHAIRMAN JOHNSON: We'll take a short break,  
25 ten-minute break.

1 (Brief recess.)

2

- - - - -

3 CHAIRMAN JOHNSON: We're going to go back on  
4 the record.

5 MR. LOGAN: Thank you, Chairman Johnson,  
6 AT&T would call Mike Guedel to the stand, please.

7

- - - - -

8 MIKE GUEDEL

9 was called as a witness on behalf of AT&T  
10 Communications of the Southern States, Inc. and,  
11 having been duly sworn, testified as follows:

12 DIRECT EXAMINATION

13 BY MR. LOGAN:

14 Q Mr. Guedel, can you state your name and  
15 business address for the record, please?

16 A Yes. My name is Mike Guedel. My business  
17 address is 1200 Peachtree Street, Atlanta, Georgia  
18 30309.

19 Q And are you the same Mike Guedel that  
20 prefiled rebuttal testimony in this docket?

21 A Yes, I did.

22 Q If I were to ask you the questions contained  
23 in that rebuttal testimony today, would your answers  
24 be the same?

25 A Yes, they would.

1                   **MR. LOGAN:** Chairman Johnson, I'd move that  
2 Mr. Guedel's prefiled rebuttal testimony be inserted  
3 into the record as though read.

4                   **CHAIRMAN JOHNSON:** It will be so inserted.  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25

1                   **REBUTTAL TESTIMONY OF MIKE GUEDEL**  
2                   **ON BEHALF OF AT&T COMMUNICATIONS**  
3                   **OF THE SOUTHERN STATES INC.**

4  
5                   **BEFORE THE**  
6                   **FLORIDA PUBLIC SERVICE COMMISSION**  
7                   **DOCKET NO. 970526-TP**

8  
9                   **FILED: JANUARY 9, 1998**

10

11

12

13 **Q.     WILL YOU PLEASE IDENTIFY YOURSELF?**

14

15 **A.     My name is Mike Guedel and my business address**  
16 **is AT&T, 1200 Peachtree Street, NE, Atlanta,**  
17 **Georgia, 30309. I am employed by AT&T as**  
18 **Manager-Network Services Division.**

19

20

21 **Q.     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
22 **WORK EXPERIENCES.**

23

24 **A.     I received a Master of Business Administration**  
25 **with a concentration in Finance from Kennesaw**  
26 **State College, Marietta, GA in 1994. I**  
27 **received a Bachelor of Science degree in**  
28 **Business Administration from Miami University,**  
29 **Oxford, Ohio. Over the past years, I have**

1           attended numerous industry schools and seminars  
2           covering a variety of technical and regulatory  
3           issues. I joined the Rates and Economics  
4           Department of South Central Bell in February of  
5           1980. My initial assignments included cost  
6           analysis of terminal equipment and special  
7           assembly offerings. In 1982, I began working  
8           on access charge design and development. From  
9           May of 1983 through September of 1983, as part  
10          of an AT&T task force, I developed local  
11          transport rates for the initial NECA interstate  
12          filing. Post divestiture, I remained with  
13          South Central Bell with specific responsibility  
14          for cost analysis, design, and development  
15          relating to switched access services and  
16          intraLATA toll. In June of 1985, I joined  
17          AT&T, assuming responsibility for cost analysis  
18          of network services including access charge  
19          impacts for the five South Central States  
20          (Alabama, Kentucky, Louisiana, Mississippi, and  
21          Tennessee).

22   **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

23

24   **A. My current responsibilities include directing**  
25       **analytical support activities necessary for**  
26       **AT&T's provision of intrastate communications**  
27       **services in Florida and other southern states.**  
28       **This includes detailed analysis of access**  
29       **charges and other Local Exchange Company (LEC)**

1 filings to assess their impact on AT&T and its  
2 customers. In this capacity, I have  
3 represented AT&T through formal testimony  
4 before the Florida Public Service Commission,  
5 as well as regulatory commissions in the states  
6 of Georgia, Kentucky, North Carolina, and South  
7 Carolina.

8

9

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11

12 **A.** The purpose of my testimony is to rebut the  
13 testimony of Mr. Munsell of GTE. I will show  
14 that GTE has not presented sufficient evidence  
15 in this case to justify the Commission's  
16 adoption of GTE's recommendation. I will  
17 recommend that the Commission establish GTE's  
18 rate for the additional PIC (Primary  
19 Interexchange Carrier) similar to that  
20 established for BellSouth in an earlier  
21 proceeding.

22

23

24 **A. WHAT IS MR. MUNSELL'S RECOMMENDATION?**

25

26 **A.** Mr. Munsell appears to be recommending that GTE  
27 establish its charge for an additional PIC  
28 change at the level equivalent to the current  
29 PIC change charge of \$4.14. Therefore, if a

1 customer were to change its interLATA PIC GTE  
2 would charge that customer \$4.14 for the  
3 service. If the customer were to  
4 simultaneously change both its interLATA PIC  
5 and its intraLATA PIC (through the same service  
6 order), GTE would charge the customer \$8.28 for  
7 the service - i.e., two PIC change charges.

8

9

10 A. WHAT IS THE BASIS FOR MR. MUNSELL'S  
11 RECOMMENDATION?

12

13

14 A. Mr. Munsell proposes an analysis that  
15 offers to subtract the estimated incremental  
16 cost savings associated with the additional PIC  
17 change from the current PIC change charge.  
18 Mr. Munsell then asserts that the incremental  
19 cost savings associated with the additional PIC  
20 change is negligible. He then concludes that  
21 the Commission should set the additional PIC  
22 change charge at the current PIC change charge  
23 level.

24

25

26 A. IS MR. MUNSELL'S ANALYSIS APPROPRIATE?

27

28 A. No. First, Mr. Munsell has not provided  
29 any substantive support (i.e., a documented and

1       verifiable cost study) for the assertion that  
2       the incremental cost savings will be  
3       negligible. Second, even if Mr. Munsell's  
4       estimates of the cost savings were accurate  
5       (which is not at all clear), the methodology of  
6       determining an appropriate rate for the  
7       additional PIC by subtracting the incremental  
8       cost savings from the current PIC rate, would  
9       only seem reasonable if the current PIC rate is  
10      set at TSLRIC (Total Service Long Run  
11      Incremental Cost). If the current rate  
12      includes contribution in excess of TSLRIC, or  
13      is based upon some embedded cost analysis, Mr.  
14      Munsell's process would allow GTE to double-up  
15      on current contribution levels in addition to  
16      recovering the additional costs associated with  
17      the additional PIC change. This is not  
18      appropriate.

19  
20

21       **A.       DOES \$4.14 APPEAR TO BE A REASONABLE**  
22       **ESTIMATE OF GTE'S TSLRIC OF PROVIDING A PIC**  
23       **CHANGE?**

24

25       **A.       No. BellSouth currently charges \$1.49 for**  
26       **PIC change in Florida - a rate that I**  
27       **understand to be in excess of BellSouth's cost.**  
28       **If GTE can be as efficient as BellSouth in the**  
29       **provision of this service - and it should be on**

1 a forward looking basis - then its costs will  
2 be similar to those of BellSouth. Therefore,  
3 the \$4.14 rate appears to be well in excess of  
4 GTE expected TSLRIC.

5

6

7

8 A. IF THE CURRENT RATE OF \$4.14 IS FOUND TO  
9 BE IN EXCESS OF TSLRIC, WHAT IS THE APPROPRIATE  
10 METHODOLOGY FOR DETERMINING THE ADDITIONAL PIC  
11 CHARGE?

12

13 A. Optimally, if the current rate is found to be  
14 in excess of TSLRIC, then the current rate  
15 should be reduced to the TSLRIC level. The  
16 additional PIC rate can then be calculated by  
17 subtracting the incremental cost savings  
18 associated with the additional PIC from the  
19 cost (TSLRIC) of providing the first PIC  
20 change. However, if the current rate is  
21 maintained, then the additional PIC rate should  
22 be calculated by subtracting from the current  
23 rate: 1) the contribution in excess of TSLRIC  
24 associated with the current rate and 2) the  
25 incremental cost savings associated with the  
26 additional PIC. Alternatively, GTE could  
27 provide a specific TSLRIC study for the  
28 additional PIC change charge and set the rate  
29 at that level.

1

2

3

4

**A. IF CONCLUSIVE STUDIES ARE NOT PROVIDED TO  
DETERMINE THE TSLRIC OF PROVIDING THE PIC  
CHANGE, AT WHAT LEVEL SHOULD THE COMMISSION  
ESTABLISH THE ADDITIONAL PIC RATE FOR GTE?**

6

9 A.

If conclusive studies are not made available  
and verified, the Commission should not allow  
GTE any rate relief in addition to that allowed  
to BellSouth. Thus, the Commission should  
establish GTE's additional PIC charge at \$.49 -  
the level allowed to BellSouth - or at the  
extreme, limit GTE's additional PIC rate to 30%  
of its current PIC charge.

17

18

19

**A. WHY IS IT IMPORTANT TO SET PIC CHANGE  
CHARGES AT TSLRIC LEVELS?**

21

22 A.

Competition for pre-subscribed customers depends  
upon the customer's ability to change his/her  
PIC. Therefore, charges for PIC changes, at  
any level, offer some barrier to competition.  
While it is appropriate to allow a company some  
means of recovering costs associated with the  
provision of the PIC change service, it is not  
appropriate to inflate those charges beyond the

29

1 level of cost. Such elevated rates simply pose  
2 an unnecessary barrier to competition.

3

4

5 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

6

7 A. Yes.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1           Q       (By Mr. Logan) Mr. Guedel, do you have a  
2 summary of your testimony?

3           A       Yes, I do.

4           Q       Could you provide that to the Commission?

5           A       The purpose of my testimony is to  
6 demonstrate that GTE has not presented sufficient  
7 evidence in this case to justify the Commission's  
8 adoption of GTE's recommendation.

9                   I recommend that the Commission establish  
10 GTE's rate for the additional PIC similar to that  
11 established for BellSouth at an earlier proceeding.

12                   GTE appears to base its case on purported  
13 cost relationships. However, at the time of filing of  
14 my rebuttal testimony, GTE had not offered any cost  
15 studies supporting its arguments and has chosen to  
16 present its case through the testimony of Mr. Munsell  
17 who, by his own admission, is not a cost expert.

18                   Subsequent to the filing of my testimony,  
19 GTE did offer a three-page summary, which it has  
20 characterized as a cost study, and offered support for  
21 this summary through the deposition of Mr. Munsell.  
22 However, far from bolstering its case, Mr. Munsell's  
23 deposition actually reinforces many of the concerns  
24 that I had initially raised through my rebuttal  
25 testimony.

1 I believe Mr. Munsell stated -- I believe it  
2 was in his summary -- that the Commission arrived at  
3 the 30% cap in the BellSouth case in the absence of a  
4 cost study; and I submit to this Commission that  
5 they're in exactly the same position here with GTE.

6 We do not have a cost study and, therefore,  
7 I recommend that we take the same course that the  
8 Commission took in the BellSouth case and cap GTE's  
9 second PIC charge at 30% of its first PIC.

10 Thank you.

11 MR. LOGAN: AT&T would tender Mr. Guedel for  
12 cross-examination.

13 CHAIRMAN JOHNSON: GTE?

14 MS. CASWELL: Yes.

15 CROSS EXAMINATION

16 BY MS. CASWELL:

17 Q Good morning, Mr. Guedel. Kim Caswell with  
18 GTE.

19 A Good morning.

20 Q In its complaint case, I think we've  
21 discussed -- this has been mentioned several times --  
22 that BellSouth's additive for the additional PIC  
23 change charge was 30%, right? Is that your  
24 understanding?

25 A It's my understanding.

1 Q Put what you're recommending here for GTE is  
2 a much lower percentative -- percentage additive,  
3 about 12%; isn't that true?

4 A I don't understand your question.

5 Q Okay. I think your primary recommendation  
6 is that GTE should be allowed to charge only 49 cents,  
7 because that's what Bell charges on the 30% additive,  
8 correct?

9 A Yes, I recommended to the Commission -- I  
10 actually recommended two possibilities for the  
11 Commission.

12 Q And that was the first one, correct?

13 A And that was the first one.

14 Q And my math may not be so good, but would  
15 you say that 49 cents is about 12% of \$4.14, which is  
16 our current intraLATA PIC change charge?

17 A It probably would be in that range, sure.

18 Q Okay. So that would, again, be much lower  
19 than the additive given to Bell, wouldn't it?

20 A If the Commission moved to prescribe the  
21 charge on the absolute amount, it would be lower than  
22 the 30%, absolutely.

23 Q Uh-huh. And would it be correct to say that  
24 you believe two full PIC change charges are  
25 unwarranted because of the efficiencies of making two

1 changes on the same order?

2           A     I believe everybody agrees here that there  
3 are some efficiencies, including GTE. The question is  
4 what they are, and I have not seen a cost study to  
5 tell me that.

6           Q     Did you do any investigation or discovery  
7 concerning GTE's PIC change work processes or systems?

8           A     Not to my knowledge.

9           Q     So your recommendation is based on  
10 assumptions rather than any facts that you've  
11 uncovered; is that right?

12           A     My recommendation is based on the situation  
13 that there are no facts with respect to costs  
14 presented in this case. And since there are no costs  
15 presented in this case, I recommend the Commission  
16 fall back on its previous decision, or at least the  
17 approach of its previous decision.

18           Q     And in your summary I think you -- it was  
19 your impression that there was no difference between  
20 this case and the Bell case. But isn't it true that  
21 BellSouth agreed to the 30% additive in the first  
22 instance in the Bell case?

23           A     They may have. I'm not sure of that. I'm  
24 not sure that matters.

25           Q     Wasn't the Bell case also a complaint

1 against BellSouth, whereas there's been no complaint  
2 lodged against GTE?

3 A I think legally, technically that is a  
4 correct statement. This is the docket, however, of a  
5 very similar investigation. The legal course was a  
6 little different in getting here.

7 Q Uh-huh. And the 30% additive in the Bell  
8 case wasn't based on any cost study by BellSouth or  
9 anything else, was it?

10 A No, it was not. There was no cost study  
11 presented there by BellSouth and, consequently, the  
12 Commission took the course they took. And I -- we're  
13 in the same situation here.

14 Q And BellSouth's 30% additive and agreement  
15 to accept that additive was based on BellSouth's own  
16 analysis of its work processes, wasn't it?

17 A Could you repeat that?

18 Q Wasn't the 30% arrived at there based on  
19 BellSouth's own analysis of its work processes; in  
20 other words, BellSouth agreed that the efficiencies  
21 were about 70% doing the two-for-one PIC?

22 A Again, I don't think they put forth any cost  
23 studies. To the extent they agreed with the number,  
24 they probably agreed with the efficiencies.

25 Q And do you know if they had a panel

1 investigating their work processes to determine the  
2 efficiencies?

3 A Again, I don't know what they did. I don't  
4 think any data was submitted in that case to tell us  
5 what they did.

6 Q Did you read the order in that case?

7 A It's been a while, but I probably have.

8 Q And did you read the Staff recommendation?

9 A No, I have not.

10 Q So do you recall from the order that -- what  
11 that 30% was based upon?

12 A I don't recall the specifics of it. I'm  
13 assume -- I understand it to be based on -- at least  
14 in part on the efficiencies; but, again, in the  
15 absence of a cost study, I believe it was not totally  
16 documented, the amount. The absolute amount was not  
17 totally documented.

18 Q Right; and it was, in fact, BellSouth's own  
19 account of its work process -- is that what that was  
20 based upon --

21 A It may well have been based upon  
22 BellSouth's --

23 Q Okay. And there was no requirement for  
24 BellSouth's additive to be set at TSLRIC, was there?

25 A I don't believe that there is a

1 requirement -- there was a requirement for that. I'm  
2 not asking for one to be set here.

3 Q Then maybe I'm confused. I thought you were  
4 recommending, at least in the alternate, that GTE  
5 should do a cost study at TSLRIC to determine what its  
6 PIC change charge should be.

7 A In the alternate that's what they should do.  
8 If -- we've a very complicated -- well, we have a  
9 simple situation here. We don't have any cost study  
10 so we have -- we have a precedent to rely on.

11 If you're going to do cost studies, you  
12 ought to do TSLRIC cost studies, because from  
13 pricing -- from a pricing standpoint, the only costs  
14 that are really relevant in influencing the selection  
15 of a price are the total service long run incremental  
16 costs.

17 If you're going to do some kind of a  
18 subtraction methodology where you attempt to glean  
19 efficiencies and then subtract them from previously  
20 established costs, you've got to make sure that your  
21 costs are the same, that you're working from a TS --  
22 that you're subtracting incremental costs from  
23 incremental costs and you're not subtracting  
24 incremental costs from fully distributed costs.

25 Lot of ifs here. But the bottom line is we

1 don't know the answers to these questions. We don't  
2 have the cost studies, and we are asked to make -- the  
3 Commission is asked to make a decision in the absence  
4 of cost studies; and, therefore, my recommendation is  
5 that we go with the 30% cap, same as BellSouth.

6 Q Why wouldn't your recommendation be for GTE  
7 to do a cost study rather than going with an arbitrary  
8 30% cap?

9 A I believe GTE fully had the opportunity to  
10 do a cost study and present it in this case if that's  
11 what they chose to do. They did not choose to do  
12 that. They chose instead to assert that the rates  
13 should be the same.

14 I have no problem with them doing a cost  
15 study. I think it's a little late at this point in  
16 time, but I do believe they had the opportunity.

17 Q GTE did submit a cost study, at least we  
18 consider it a cost study. I know that you may differ.  
19 But did we not submit a cost study?

20 A No. GTE submitted three pages of  
21 information, I believe, in conjunction with the  
22 deposition of Mr. Munsell. That was at least a month  
23 and a half after my rebuttal testimony was filed.

24 And let's keep in mind what we have here in  
25 this three pages. We have three pages of information

1 that were retyped by Mr. Munsell from documents,  
2 probably limited documents, regarding a cost study  
3 that GTE had prepared in 1989 and submitted to the  
4 FCC. We don't know what was in that study that  
5 Mr. Munsell did not retype.

6           It would have made some sense, I think, if  
7 GTE was sincere about putting that cost study, to put  
8 the whole thing in front of us. They filed it with  
9 the FCC. Why not with the Florida Public Service  
10 Commission? Instead we get three retyped pages.

11           I have a very difficult time accepting three  
12 retyped pages as a cost study. In fact, I do not  
13 accept it as a cost study.

14           Q     Was there any opposition to GTE's cost study  
15 that you know of at the FCC, or has there been  
16 recently any opposition to that cost study?

17           A     I do not know.

18           Q     So your recommendation here, rather than  
19 having GTE perform a new cost study, would be to  
20 accept an arbitrary 30% that was not based on any cost  
21 studies for BellSouth. Am I correct in that  
22 conclusion?

23           A     Not completely. My recommendation is, use  
24 the 30%. I believe GTE had the opportunity to file a  
25 cost study, and they chose not to. If they would like

1 to do that after this Commission has made a decision  
2 here and gone with 30¢ and GTE wants to then file a  
3 cost study and try to change its rates or whatever the  
4 procedure might be, I will look at the cost study when  
5 it's filed.

6 I don't think there's anything to prevent  
7 them from doing that. I don't think they should delay  
8 this decision when they've had sufficient opportunity  
9 to make their case and have chosen not to.

10 Q So you don't believe the Commission should  
11 order GTE to do a cost study? That's the bottom line,  
12 go with the 30¢?

13 A For purposes of this docket I'm willing to  
14 go with the 30¢.

15 Q Are the interLATA PIC change charges set at  
16 TSLRIC?

17 A Well, probably not.

18 Q Has any state ordered GTE or anyone else to  
19 set their PIC change charges using the TSLRIC  
20 methodology?

21 A I don't know.

22 Q Do you have any opinion on that?

23 A No.

24 Q At Page 5, Line 27 of your testimony, you  
25 state your understanding that BellSouth's \$1.49 PIC

1 change rate is in excess of BellSouth's TSLRIC for the  
2 services. What is the basis for that understanding?

3 A Well, I think there's two. BellSouth --  
4 first, BellSouth has traditionally maintained before  
5 this Commission that they price all of the services  
6 that they offer in excess of their total service long  
7 run incremental costs with the possible exception of  
8 basic residential service.

9 That has been their position for many years  
10 before this Commission as well as before commissions  
11 throughout the south, so there's no reason for me to  
12 believe that they would have made an exception for  
13 this PIC charge.

14 Secondly, they have submitted a cost study  
15 with the Federal Communications Commission that  
16 justified the \$1.49 and said "this is our cost." So  
17 based upon those two ideas, I'm reasonably comfortable  
18 that BellSouth's rate is in excess of its TSLRIC.

19 Q Did the FCC require TSLRIC cost studies?

20 A At the time this was filed, I'm not sure. I  
21 don't believe they did. In fact, there's no  
22 indication that the study that GTE submitted to the  
23 FCC was a TSLRIC study. The Bell study might not have  
24 been TSLRIC either. It may have been a heavier study  
25 than that. In other words, the cost may be higher

1 than a TSLRIC cost would have been.

2 Q Okay. But whatever the -- whatever the cost  
3 methodology, I think you just indicated that you  
4 accept that \$1.49 as BellSouth's costs because they  
5 filed that study with the FCC, whereas you won't  
6 accept that \$4.14 is GTE's cost when we also filed a  
7 study with the FCC at the same time. Am I  
8 understanding that correctly?

9 A No, you're not. What my statement is, is  
10 that I'm reasonably sure that BellSouth's charges  
11 cover their total service long run incremental costs.  
12 That's basically my statement.

13 I'm also sure that GTE's rate covers its  
14 total service long run incremental cost, but probably  
15 by a significantly greater percentage.

16 Q Didn't BellSouth in its complaint case  
17 specifically state that that \$1.49 rate was not based  
18 on any cost study?

19 A Could you repeat that?

20 Q Didn't BellSouth specifically state that its  
21 PIC change rate wasn't based on any cost study?

22 A I'm not aware if they did or they did not.

23 Q Did you testify in the BellSouth complaint  
24 case?

25 A No, I did not.

1           Q     Do you know that anyone testifying on behalf  
2 of the Interexchange Carriers Association -- did  
3 anyone there favor setting additional PIC change  
4 charge rates at TSLRIC that you know of?

5           A     I do not know.

6           Q     Are you aware that PIC change charge rates  
7 for Bell companies in other states all exceed \$5?

8           A     I believe they're either \$5 or in excess of  
9 \$5; that's correct.

10          Q     And those are all higher than GTE's rate,  
11 aren't they?

12          A     They are all higher than GTE's rate. I'm  
13 not sure that means anything.

14          Q     Well, I mean, since we've been discussing  
15 PIC change rates in relative terms, I think it may  
16 mean something, and -- I mean, wouldn't you say that  
17 BellSouth's \$1.49 PIC change charge is unusually low  
18 in comparison to all of the other Bell companies in  
19 the country and, in fact, all of the other ILECs in  
20 Florida?

21          A     Yes, BellSouth's rate is lower than the  
22 other RBOCs, but let's keep in mind the process  
23 through which the RBOCs established those \$5 rates.

24                     Mr. Munsell in his deposition pointed out  
25 that the FCC said there would be a \$5 cap and then you

1 couldn't go above \$5 unless you produced a cost study  
2 that justified a rate above \$5. The FCC didn't say  
3 anything about producing cost studies below \$5.

4           It's very, very likely in my mind that many  
5 of these companies -- and there's five of them that  
6 have the even \$5 rate -- performed internal cost  
7 studies, found that costs were significantly less than  
8 \$5, maybe even as low as a buck and a half, and  
9 decided, well, we'll acquiesce into taking the \$5 rate  
10 and not file cost studies. So I --

11           Q     Well, that's just --

12           A     -- the fact that that could happen tells me  
13 that the \$5 doesn't mean a whole lot about the costs.

14           Q     But that's purely an assumption on your  
15 part, isn't it, that these companies did not do any  
16 cost studies?

17           A     Oh, it is. I don't --

18           Q     Or that they did do them and they came out  
19 below --

20           A     I have -- I do not know if they did the cost  
21 studies or if they did not do the cost studies. I'm  
22 saying that is a possibility.

23           Q     Okay. And were you here this morning when  
24 you heard that Pacific Bell has a higher rate than \$5?

25           A     Yes, I was.

1 Q So would that imply, based on what you just  
2 said, that they did do a cost study?

3 A It's my understanding. I have not seen  
4 their cost study, but it's my understanding from  
5 Mr. Munsell's testimony that they did provide a cost  
6 study.

7 Q And they have the highest PIC change rate in  
8 the country with regard to BOCs, don't they?

9 A To my knowledge, that's correct.

10 Q Now, one of the grounds for the IXCs'  
11 complaint against BellSouth before this Commission was  
12 that it had not provided one free intraLATA PIC to  
13 existing customers; is that correct?

14 A I don't know that. I can't -- I don't  
15 remember that for a fact. Could be.

16 Q So your recollection of the order, isn't  
17 that -- is not good. Would that be fair to state?

18 A With respect to that issue, that's correct.

19 Q The Bell complaint case.

20 A With respect to that question, that's  
21 correct.

22 Q Do you recall whether AT&T in the context of  
23 the complaint case agreed that BellSouth should be  
24 allowed to recover its costs associated with the one  
25 free PIC measure?

1           A     Again, I don't recall that specifically, but  
2 I believe that that would have been the case. We  
3 allow companies to recover at least their total  
4 service long run incremental cost.

5           Q     And have you recommended -- well, now, you  
6 didn't recommend TSLRIC in that case, did you, though?

7           A     I don't -- I don't know what we recommended  
8 in that case.

9           Q     Okay. Have you recommended any similar cost  
10 recovery for GTE of its one free PIC charges? Costs,  
11 I mean.

12          A     Essentially I have not. Essentially what I  
13 have said is that in the absence of cost information,  
14 the Commission should take a course similar to the  
15 course they took in the BellSouth case. That's really  
16 the purpose and direction of my testimony here.

17          Q     Can you turn to Page 6 of your testimony,  
18 Lines 13 to 15?

19          A     Yes.

20          Q     You say if the current rate is found to be  
21 in excess of TSLRIC, then the current rate should be  
22 reduced to the TSLRIC level. When you talk about  
23 current rate, do you mean the current interLATA PIC  
24 change rate?

25          A     Yes.

1           Q     So are you recommending that the Commission  
2 in this proceeding reduce the interLATA PIC change  
3 charge?

4           A     I don't know if the Commission has the  
5 authority to do that in this proceeding. As I point  
6 out in my response, optimally that is what should be  
7 done, if the Commission feels they have the authority  
8 to do that -- and, again, we don't know what the  
9 TSLRICs are because we don't have any study on the  
10 table -- that that would be appropriate action on the  
11 part of the Commission if, indeed, they felt that that  
12 should be done. But, again, that's an optimal state,  
13 and I don't know if that's a possible state.

14          Q     Do you know if AT&T has complained to the  
15 FCC about GTE's interLATA PIC change rate?

16          A     I don't know.

17          Q     Do you think it would be acceptable for this  
18 Commission to set a PIC change rate that was below  
19 GTE's costs, even its TSLRIC costs?

20          A     Certainly not its TSLRIC cost. GTE should  
21 be allowed to recover its TSLRIC cost.

22          Q     But nothing in excess of TSLRIC, correct?

23          A     Well, you know, we can argue about the small  
24 stuff, whether it's 5¢ above TSLRIC or something like  
25 that. The TSLRIC is the proper cost to use for

1 pricing decisions.

2           If the Commission ordered GTE, for example,  
3 to price below GTE's estimate of a fully distributed  
4 cost, that would be completely appropriate.

5           Q     Do you recall testifying in any other  
6 proceeding that if a company does not recover its  
7 overheads, it will go out of business?

8           A     That's a pretty broad question. I don't --  
9 if you could be more specific, I might be able to  
10 answer that.

11          Q     I don't have the transcript here with me, so  
12 we'll just rely on that.

13                 On the bottom of Page 7 of your testimony  
14 you describe PIC change charge rates as being a  
15 barrier to competition. Do you have any evidence to  
16 support your view that GTE's PIC change charge has  
17 stopped any customers from making carrier changes they  
18 otherwise would have?

19          A     No. I have not interviewed any customers in  
20 GTE territory. The basis of what I said there is  
21 simply almost every price, almost every service that  
22 is offered by every company has some price elasticity;  
23 that some change in price is going to somehow affect  
24 demand, and there's -- there may be an exception to  
25 that, but there's very, very few exceptions to that.

1           So a higher price is going to discourage  
2 customers from changing. Now, is that a -- is the  
3 elasticity, you know, negative .10 or is it negative  
4 .05 or is it negative .5, I don't know the answer to  
5 that question, but I think there's going to be some  
6 impact.

7           Q     But you have no proof of that, do you?

8           A     As I said, I have not interviewed customers.  
9 I do not know that.

10          Q     Do you know what percentage of GTE's  
11 customer base changes carriers on an annual basis?

12          A     No, I do not.

13          Q     Would you accept that it's more than 40%?

14          A     I have haven't seen any testimony to that  
15 effect, but I -- that wouldn't surprise me nor would  
16 it change anything I've written in my testimony if  
17 indeed that were true.

18          Q     Do you know that GTE's intraLATA PIC change  
19 charge in Texas, as reflected in its tariffs, is  
20 \$4.48?

21          A     I don't know that.

22          Q     Would you accept that number, subject to  
23 check?

24          A     Okay.

25          Q     Do you know that AT&T specifically asked the

1 Texas Commission to approve GTE's intraLATA tariffs,  
2 including that charge, on an expedited basis?

3 A I don't know that.

4 Q Maybe I can show you a letter. (Pause)  
5 I'll just give you a moment to look at that. Tell me  
6 when you're ready for the next question, please.

7 A (Pause) I've read the letter.

8 Q And does it indicate to you that AT&T, at  
9 least in Texas, asked the Commission to approve GTE's  
10 intraLATA equal access plan, which would include its  
11 PIC change charge, on an expedited basis?

12 A I see the line you've written. And, again,  
13 I don't know -- in all fairness, I don't know who  
14 Katherine K. Mudge (phonetic) is.

15 Q Well, perhaps you can just read the  
16 underlined portion --

17 A I can read the underlined --

18 Q -- at the bottom.

19 A -- portion. I can't identify --

20 Q Okay.

21 A -- the letter.

22 Q Okay.

23 A The underlined portion says "AT&T requests  
24 that the Commission approve GTE's plan and tariffs on  
25 an expedited basis."

1           Again, I don't know what plan or what  
2 tariffs or why, but that's what it says.

3           **MS. CASWELL:** That's all I've got. Thank  
4 you, Mr. Guedel.

5           **CHAIRMAN JOHNSON:** Staff?

6                           **CROSS EXAMINATION**

7           **BY MR. COX:**

8           **Q**     Good morning, Mr. Guedel. I'm Will Cox on  
9 behalf of Commission Staff. I have just a few  
10 questions.

11                   First I'd like to refer to Mr. Munsell's  
12 direct testimony starting on Page 7, Line 24, where he  
13 talks about the fact that since the  
14 intraLATA/interLATA procedures are identical, the  
15 costs are identical.

16                   Would you agree that the procedures for the  
17 intraLATA and interLATA PIC changes are identical for  
18 GTE?

19           **A**     Well, that's Mr. Munsell's testimony. I  
20 don't know the answer to that question.

21           **Q**     But you have nothing to dispute the fact  
22 that -- his statement that the procedures are  
23 identical?

24           **A**     I have not challenged his statement in my  
25 rebuttal testimony. I don't think it's relevant.

1 Q Okay. And if the procedures were identical,  
2 you wouldn't challenge the fact that the costs would  
3 be identical for the two separate procedures?

4 A Well, those are a lot of ifs. But, in  
5 effect, if the procedures are identical, then the  
6 costs would be identical. If there's no difference,  
7 there's no difference.

8 Q Okay. Page 4, Lines 8 through 9, do you  
9 agree that GTE is justified in charging for two PICs  
10 when a customer charges his or her intraLATA PIC in a  
11 single transaction?

12 A I believe that GTE should be allowed to  
13 recover its incremental costs that it incurs in  
14 providing these PIC changes, whether there are one PIC  
15 or two PIC changes or three PIC changes or whatever  
16 they happen to be.

17 Q So they would not be justified in charging  
18 two separate \$4.14 charges; is that correct? Is that  
19 your opinion?

20 A Well, that is my opinion for a variety of  
21 reasons; that that's the wrong number. I've talked  
22 about that in my testimony. But, again, the basis of  
23 my argument here is that we don't know what the costs  
24 are. We don't know if that \$4.14 is the right number.

25 We can look -- well, look at Mr. Munsell's

1 deposition. There's an interesting point here on  
2 Page 40 where Mr. Munsell speculates a little bit  
3 about how Bell got to the \$1.49, for example. And if  
4 I could read a little bit of this, it says: "A year  
5 and a half ago when there was some business office  
6 complaints against BellSouth and BellSouth's response  
7 was, we do not process end user initiated PIC changes  
8 in our business office; we tell them to go to the  
9 interexchange carrier."

10 One, I was flabbergasted and, two, I said,  
11 no wonder they can get a buck, forty-nine. I mean,  
12 the implication there being that any company that took  
13 such a draconian approach of having customers go  
14 through the interexchange carrier could get a buck,  
15 forty-nine cost, presumably even GTE.

16 And in another part of his deposition,  
17 Mr. Munsell says that GTE experiences at least 86% of  
18 its traffic going through interexchange carriers and  
19 not involved in the business office. So there's a  
20 disconnect here on the costs that Mr. Munsell thinks  
21 might be appropriate and the \$4.14.

22 Q Mr. Munsell states later in his testimony on  
23 Page 4 in Lines 12 through 15 that the efficiency  
24 gains resulting would be minimal.

25 Am I to understand that since you don't have

1 the cost data, you can't make any kind of  
2 determination whether or not these efficiency gains  
3 would be very minimal?

4 A I can't make that determination; no, I  
5 can't.

6 Q So you have no opinion on the efficiency  
7 gains?

8 A Again, I don't think the fact that there are  
9 efficiency gains is a dispute here. I think we're all  
10 in agreement that there are some. It's just a  
11 question of how many and how they impact the cost.  
12 And to the extent the efficiency gains are part of a  
13 manual process or part of a labor intensive process,  
14 they're probably sufficient.

15 They're probably significant relative to the  
16 total costs of the process when you add in the  
17 mechanized and the labor intensive pieces. So the  
18 answer is I don't know the answer to the question. I  
19 wish I did. I wish we had a cost study.

20 Q Finally, turning to Page 5 of his testimony  
21 at Lines 23 through 24 -- and I discussed this earlier  
22 with Mr. Hyde -- do you agree that GTE's existing  
23 policy of one free PIC achieves essentially the same  
24 result as the two-for-one PIC?

25 A Well, no. And, again, this is my

1 understanding. But my understanding is that the free  
2 one-time PIC is a first time change situation, whereas  
3 the 30% discount would go on forever. So it doesn't  
4 accomplish the same thing at all.

5 Q So you think there would be a significant  
6 difference over time, the results between the two  
7 proposals?

8 A Yes, there will be a difference over time.  
9 No question.

10 Q Do you suspect that would be a big  
11 difference? Do you have any --

12 A I believe it would be a significant  
13 difference, significant enough to adopt the  
14 recommendation I made in this docket.

15 COMMISSIONER DEASON: You just indicated a  
16 30% discount. Don't --

17 WITNESS HYDE: I indicated --

18 COMMISSIONER DEASON: -- you really mean a  
19 70 percent --

20 WITNESS HYDE: I meant -- if I said that, I  
21 apologize. I meant the same procedure you've  
22 established for BellSouth, which is a 30% additive, or  
23 30% of -- yes, that's correct. Thank you,  
24 commissioner.

25 Q (By Mr. Cox) Turning to the deposition

1 transcript of Mr. Munsell that you have before you  
2 there, Page 10, Lines 3 through 11, you testified that  
3 GTE has utilized an existing 1989 cost study. We've  
4 been talking that -- about that today, and I know it's  
5 your opinion that that's not a cost study.

6 Do you also object to the vintage in  
7 addition to the process involved there?

8 A Well, let me be clear on my answer. I have  
9 not suggested, although I may at some point -- I have  
10 not suggested that the study that GTE did in 1989 was  
11 not a cost study. It may well have been a cost study,  
12 and it may well have been submitted to the FCC as a  
13 cost study.

14 What I have said is that GTE has not  
15 submitted a cost study in this proceeding, because  
16 they have not. They did not submit this 1989 study in  
17 this proceeding. They submitted three retyped pages  
18 of selected documents from a study that they filed  
19 with the FCC nine years ago.

20 Q So am I to believe that this -- you believe  
21 this has no relevance to the Commission's decision  
22 here, this information they've filed?

23 A I believe it has no relevance to the  
24 Commission's decision here, correct.

25 Q Can you explain why it has no relevance?

1           A     Because it is nothing. It is three retyped  
2 pages from selected sheets from a cost study. It is  
3 not a cost study. I think the Commission should  
4 entertain looking at a cost study, but I don't think  
5 they have to entertain looking at something that  
6 purports to be a cost study, but simply it offers no  
7 backup, simply offers no other information to justify  
8 what it says.

9           Q     Earlier we've discussed today the  
10 B transaction where GTE splits the A and the E.

11          A     Correct.

12          Q     Turning to Page 17, Lines 12 through 14 of  
13 the deposition transcript of Mr. Munsell, he testifies  
14 that it's very conceivable that a -- that the switch  
15 could process a two-for-one PIC request with two  
16 different time stamps. Do you agree with him in that  
17 statement?

18          A     I think it is conceivable. Again, I don't  
19 know how frequently that happens. Two things that  
20 enter the switch process are almost simultaneously --  
21 barring any kind of, you know, major difficulties in  
22 the switch, it would probably be pretty close  
23 together; but, yeah, it's possible.

24          Q     Is the fact that the time stamps might be  
25 different regarding the two-for-one PIC, would that be

1 a problem for interexchange carriers such as AT&T?

2 A Again, I don't know for sure. I think  
3 there's a potential for a problem if the gaps were in  
4 the two and three-hour ranges or something like that.  
5 Yeah, that could be a bit of a problem, if the gaps  
6 were in the -- you know, in the three-second range, I  
7 don't think that that's much of a problem.

8 Q If it's in the two and three-hour range, how  
9 does that present a problem?

10 A Well, you don't know who your customers are.  
11 A customer may think that, you know, he's got AT&T  
12 service for both inter and intraLATA from talking to  
13 the carrier because we got the feedback from GTE. And  
14 the customer makes some intraLATA calls and finds out  
15 that that PIC hadn't got changed at the same time.

16 I think there is some customer confusion  
17 problems there. But, again, I don't know that the  
18 rates are running in the three-hour range. In fact, I  
19 doubt very seriously if they are.

20 Q Page 27 of the deposition transcript,  
21 Lines 5 through 11, Mr. Munsell discusses the  
22 two-minute savings in labor could translate only to a  
23 2% savings in the two-for-one PIC. Do you agree with  
24 his calculation?

25 A Could you point that to me again, please?

1           Q     Sure. Page 27, and that was Lines, I  
2 believe, 5 through 11. At any rate, we're talking  
3 about the situation where he has calculated that --  
4 the possible labor savings --

5           A     Right.

6           Q     Two minutes.

7           A     Correct. And he calculates that to be  
8 8 cents or 2%.

9           Q     Correct.

10          A     I take no issue with the fact that eight  
11 cents is approximately 2% of \$4.14. The mathematics  
12 is pretty straightforward.

13                   What is likely here is that he is attempting  
14 to calculate this difference by subtracting an  
15 incremental cost savings from a fairly fully loaded  
16 \$4.14 cost study, which is inappropriate; and that's  
17 my problem. I really don't have a problem with his  
18 mathematics.

19          Q     Finally I'd like to ask you a few questions  
20 regarding the testimony that you filed in this  
21 proceeding. If you could turn to page -- starting on  
22 Page 4 of your testimony, Line 28, continuing on to  
23 the next page -- let me ask you another question.

24                   We'll go on to Page 5, Lines 3 through 18.  
25 You discussed how Mr. Munsell's method of determining

1 an appropriate rate with the additional PIC is flawed  
2 and you believe that the TSLRIC is the appropriate  
3 cost methodology.

4           Just so I'm clear, why do you believe it is  
5 the appropriate cost methodology?

6           A     Well, for purposes of setting prices, the  
7 only relevant cost to consider is the forward-looking  
8 economic costs, forward-looking incremental costs of  
9 providing the services.

10           Now, that's not to suggest that the price --  
11 that the cost is the only factor a company would ever  
12 consider in setting its price. It may price the  
13 service above its costs for one reason or another.  
14 But the only cost that's relevant in that equation is  
15 the total service long run incremental cost, no matter  
16 what the pricing decision ultimately ends up to be;  
17 and that's quite simply a matter of economics.

18           I'm going to price a service for sale in the  
19 future. I want to make money on that service. I want  
20 to make money on that service recognizing, you know,  
21 everything else I'm doing over here. So if my  
22 incremental costs for selling a widget, or for  
23 providing a widget, is five bucks, and I can sell that  
24 thing for \$5.50, then I'm going to make 50 cents a  
25 widget, and that's the relevant issue.

1           If I can sell it for six bucks, I might want  
2 to try to get away with that and make a buck a widget.  
3 But the only cost that's relevant is the total service  
4 long run incremental cost.

5           Q     Now, if the Commission were to determine  
6 that TSLRIC is the appropriate costing model and  
7 ordered a cost study, how do you believe that the rate  
8 of \$4.14 for a PIC change would be different?

9           A     Well, based upon, you know, the information  
10 in Mr. Munsell's deposition, I think it would go down  
11 significantly.

12          Q     Do you have an estimation on how  
13 significant, or any type of percentage or figure on  
14 that?

15          A     I don't -- I really don't.

16          Q     When you say significant, would it be more  
17 than a dollar?

18          A     Again, without seeing the cost studies and  
19 the information, it's difficult to say that; but my  
20 guess is that, yes, it would be lower than a dollar.  
21 It may be down to the BellSouth range of a buck and a  
22 half considering today's technologies and the  
23 forward-looking application.

24          Q     The final question refers to Page 7 of your  
25 testimony, Lines 22 through 24, where you state that

1 competition for presubscribed customers depends on the  
2 customer's ability to change its PIC.

3 A Uh-huh; that's correct.

4 Q Do you know what percentage of GTE's  
5 customers call in their PIC changes directly to its  
6 business offices?

7 A The only information I have on that is GTE's  
8 Mr. Munsell's information that 14% go through the  
9 business office and approximately 86% -- 86% of the  
10 requests come through the interexchange carriers.  
11 That's all I have. I have no reason to -- you know, I  
12 haven't done any -- I have no information --

13 Q So you would agree with the figure that  
14 GTE -- only 14% of its customers call in directly  
15 their PIC changes?

16 A Well, I have no basis to take issue with  
17 that other than recognizing it was a 1996 number and  
18 it could have changed over the past year and a half.  
19 But, again, that's the information that's on the  
20 table.

21 And for purposes -- you, know, in connection  
22 with my testimony, when I suggest a customer has a  
23 right to -- a need to change his PIC, it's not limited  
24 to going through the business office. It can be going  
25 through the interexchange carrier, too. He just needs

1 an avenue. I'm not trying to draw a dichotomy there.

2 MR. COX: That concludes Staff's questions.

3 CHAIRMAN JOHNSON: Commissioners? Redirect?

4 MR. LOGAN: No redirect, Chairman Johnson.

5 CHAIRMAN JOHNSON: And there were no  
6 exhibits?

7 MR. LOGAN: No exhibits.

8 CHAIRMAN JOHNSON: Thank you, sir. You're  
9 excused.

10 WITNESS HYDE: Thank you.

11 'Witness Hyde excused.)

12 - - - - -

13 CHAIRMAN JOHNSON: Are there any other final  
14 matters?

15 MR. COX: That concludes the hearing. I  
16 would just note that the briefs in this proceeding are  
17 due on March 13th, and Staff has no further matters.

18 CHAIRMAN JOHNSON: Any other matters from  
19 the parties?

20 Seeing none, this hearing is adjourned.

21 Thank you much.

22 (Thereupon, the hearing concluded at  
23 12:20 p.m.)

24

25

1 STATE OF FLORIDA)  
: CERTIFICATE OF REPORTER  
2 COUNTY OF LEON )

3 I, H. RUTHE POTAMI, CSR, RPR Official  
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket  
6 No. 970526-TP was heard by the Florida Public Service  
7 Commission at the time and place herein stated; it is  
8 further

9 CERTIFIED that I stenographically reported  
10 the said proceedings; that the same has been  
11 transcribed under my direct supervision; and that this  
12 transcript, consisting of 145 pages, constitutes a  
13 true transcription of my notes of said proceedings and  
14 the insertion of the prescribed prefiled testimony of the  
15 witness.

16 DATED this 27th day of February, 1998.

17

18

19

20

21

22

23

24

25

  
H. RUTHE POTAMI, CSR, RPR  
Official Commission Reporter  
(850) 413-6732