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April 13, 1997

BY HAND DELIVERY

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

Re: Docket No. 971399-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation ("MCI"), AT&T Communications of the Southern States, Inc. (AT&T) and Florida Competitive Carriers Association (FCCA) in the above referenced docket, are the original and 15 copies of the Rebuttal Testimony of Sandra Seay.

Copies have been furnished to parties of record as indicated on the attached service list.

Very truly yours,

RDM

Richard D. Melson

ACK _____
AFA _____
APP _____
CAF _____
CMU *Under*
CTR _____
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Enclosure
cc: Parties of Record

DOCUMENT NUMBER-DATE

04232 APR 13 1997

FPSC-RECORDS/REPORTING

ORIGINAL

1 MCI TELECOMMUNICATIONS, INC.,
2 AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
3 AND
4 FLORIDA COMPETITIVE CARRIERS ASSOCIATION
5 REBUTTAL TESTIMONY OF SANDRA SEAY
6 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
7 DOCKET NO. 971399-TP
8 APRIL 13, 1998
9
10

11 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

12 A. My name is Sandra Seay. My business address is: MCI Telecommunications
13 Corporation, 780 Johnson Ferry Road, Suite 700, Atlanta, GA 30342.
14

15 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY.

16 A. I am employed by MCI Telecommunications Corporation ("MCI") as a Regional Support
17 Manager in the Southeastern Region, Law and Public Policy group.
18

19 Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING.

20 A. I am testifying on behalf of MCI, AT&T and the Florida Competitive Carriers
21 Association ("FCCA"), of which MCI is a member.
22

23 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

24 A. To rebut the Direct Testimony of Hilda Geer filed on behalf of BellSouth
25 Telecommunications, Inc. (BellSouth) in this matter.

DOCUMENT NUMBER-DATE

04232 APR 13 98

FISC-RECORDS/REPORTING

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Q. ON PAGE 5, LINES 10 TO 11, BELLSOUTH WITNESS MS. HILDA GEER STATES THAT BELLSOUTH WAS NOT THE CUSTOMER'S SELECTION FOR HIS LOCAL TOLL CARRIER ON 32% OF NEW RESIDENTIAL LINES AND 20% OF NEW BUSINESS LINES. ARE THESE STATISTICS EVEN RELEVANT?

A. No. The percentage of new customers who choose a competing provider is irrelevant to the question of whether the competitively neutral protocols should remain in place. As I discuss more below, the carrier neutral protocols for new customers are necessary because BellSouth maintains a virtual monopoly on local service. They should remain in place until the local market is competitive.

Q. EVEN IF THESE PERCENTAGES ARE RELEVANT, DO THEY IMPLY THAT BELLSOUTH HAS LOST ITS MARKET POWER OR IS SOMEHOW DISADVANTAGED?

A. Of course not. Under the competitively neutral protocols which BellSouth claims puts it at a competitive disadvantage, 68% of new residential customers and 80% of new business customers still choose BellSouth as their intraLATA provider. The 32% of new residential customers and the 20% of new business customers that choose another carrier are split between BellSouth's 51 intraLATA competitors. (See BellSouth's Response to MCI's First Set of Interrogatories, Item No. 2) BellSouth now wants to actively market to these new customers when they sign up for local service before the customer even expresses any interest in BellSouth's intraLATA service and before the customer knows that he has other options. As BellSouth leverages its monopoly status, this will

1 undoubtedly cause an even greater percentage of new customers to choose BellSouth.
2 As I explained in my direct testimony, BellSouth should continue to use competitively
3 neutral practices when talking to new customers about their choice of intraLATA carrier
4 because BellSouth is still the monopoly provider of local service.

5
6 **Q. WHY DOES BELLSOUTH'S STATUS AS THE LOCAL MONOPOLY
7 REQUIRE COMPETITIVELY NEUTRAL INTRALATA PRACTICES?**

8 **A.** As I previously stated in my direct testimony, all new customers must first come through
9 BellSouth. Because of its unique position as the gatekeeper for intraLATA service,
10 BellSouth's initial customer contact must be neutral. If it is allowed to use calls to its
11 bottleneck local services as an opportunity to leverage its intraLATA services, it would
12 unfairly disadvantage its intraLATA competitors. New customers could be pushed into
13 accepting BellSouth before they even know their other options. For this reason,
14 BellSouth should use the same competitively neutral practices when talking to its
15 customers about intraLATA choices as it uses when talking to them about interLATA
16 choices.

17
18 **Q. ON PAGE 3, LINES 8 TO 12, MS. GEER CONTENDS THAT THE
19 COMMISSION'S INTENT IN RESTRICTING BELLSOUTH'S ABILITY TO
20 MARKET ITS INTRALATA SERVICES TO NEW CUSTOMERS WAS TO
21 MERELY AFFORD COMPETING CARRIERS AN OPPORTUNITY TO
22 ESTABLISH THEIR PRESENCE IN THE INTRALATA MARKET. DO YOU
23 AGREE?**

24 **A.** No. BellSouth continues to miss the point. We contended, and believe the Commission
25 agreed, that the carrier-neutral protocol was necessary to recognize BellSouth's two hats and

1 to require BellSouth to separate them. Under one hat, BellSouth is a provider of services and
2 it markets those services. Under the other, as long as BellSouth is the dominant, near-
3 monopoly provider of local exchange service, it is the exclusive gateway to intraLATA
4 services that new customers must contact to obtain those services. The purpose of the
5 restriction was to ensure that BellSouth did not wear both hats at the same time. We believe
6 the reason why the Commission did not attach a time limit to this protocol is because the
7 Commission understood the need to maintain a carrier-neutral gateway as permanent as long
8 as BellSouth is the dominant LEC.

9
10 Ms. Geer attempts to portray the competitively neutral protocols for new customers as
11 shackles on BellSouth. The neutral gateway protocol that BellSouth is contesting requires
12 only that BellSouth mention all providers at the same time, without favoring one over the
13 other. In her testimony, Ms. Geer implies that the protocol somehow favors BellSouth's
14 competitors. It does not.

15
16 **Q. IF THE CARRIER-NEUTRAL PROTOCOL IS ELIMINATED, WHAT DOES**
17 **BELLSOUTH PROPOSE?**

18 **A.** At page 7, lines 9 to 14, Ms. Geer sets forth what BellSouth proposes to do if the carrier-
19 neutral protocol is eliminated. She says:

- 20
21 1) BellSouth would advise the customer that he has an option of selecting a
22 long-distance carrier for local toll calls.
23 2) BellSouth would advise the customer that BellSouth can provide his local toll
24 service.
25 3) BellSouth would offer to read to the customer the list of available carriers. If

1 the customer responds affirmatively, then the list should be read.

2
3 It should be clear from this that BellSouth is asking for permission to use its gateway function
4 as a means of preempting the intraLATA competition that the Commission decided is in the
5 public interest. BellSouth wants to get out in front of its competition at the very time it is
6 supposed to be fulfilling its LEC responsibility of informing new customers of their options.
7 In fact, BellSouth proposes not to mention the names of its competitors unless specifically
8 asked. It is also clear that BellSouth is attempting to renege on a stipulation to which it is a
9 party. The stipulation -- approved by the Commission in 1995, prior to the proceeding on the
10 joint complaint -- requires BellSouth to inform new intraLATA customers of their choices in
11 the same manner as it informs new customers of their interLATA choices.

12
13
14 **Q. ON PAGE 5, LINES 18 TO 25, MS. GEER DISCUSSES THE PERCENTAGES**
15 **OF EXISTING CUSTOMERS WHO HAVE CHANGED LPICs. ARE THESE**
16 **STATISTICS RELEVANT TO THE ISSUES IN THIS CASE?**

17 **A.** No. As she discusses on page 2, lines 13 to page 3, line 3, the restrictions on marketing
18 to existing customers are already scheduled to expire in June, 1998 despite the fact that
19 BellSouth admits that it still controls approximately 70% of the intraLATA market.
20 (Direct Testimony of Ms. Geer, page 6, lines 15 to 17) In this case, BellSouth is seeking
21 permission to cease using competitively neutral practices when handling calls from new
22 customers. The concerns regarding marketing to new customers - who are, in effect, a
23 trapped audience - are quite different from those for existing customers. The Commission
24 apparently has recognized these differences. Significantly, unlike the restrictions on
25 marketing to existing customers, the Commission did not place any deadline on the

1 requirement that BellSouth utilize competitively neutral practices for new customers.
2 Until the local market is competitive, BellSouth will remain the sole gatekeeper for new
3 customers seeking intraLATA service. Therefore, the critical question for the
4 Commission to consider in this case is the percentage of local service that is competitive.
5 Unfortunately, that market is still far from competitive.
6

7 **Q. ON PAGE 7, LINE 19, MS. GEER COMPLAINS THAT BELL SOUTH IS**
8 **PROHIBITED FROM EDUCATING NEW CONSUMERS ABOUT ITS**
9 **SERVICES. HOW DO YOU RESPOND?**

10 **A.** BellSouth is not prohibited from educating customers. If a customer requests
11 information about BellSouth's service, BellSouth is free to market itself to the interested
12 customer. In that situation, the customer initiated and expressed the interest without
13 prompting or pushing or promoting in that direction by BellSouth. BellSouth's real effort is
14 to avoid having to educate customers of competitive choices by presenting BellSouth's service
15 in every contact and informing the customer of additional choices only if specifically asked by
16 the customer. BellSouth hopes to bypass its real educational responsibility.
17

18
19 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

20 **A.** Yes.
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25

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail or Hand Delivery (*) this 13th day of April 1998.

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