



**GTE Telephone Operations**

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September 24, 1996

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

Re: Docket No. 960847-TP  
Petition by AT&T Communications of the Southern States, Inc. for  
arbitration of certain terms and conditions of a proposed agreement  
with GTE Florida Incorporated concerning interconnection and resale  
under the Telecommunications Act of 1996

Re: Docket No. 960980-TP  
Petition by MCI Telecommunications Corporation and MCI Metro Access  
Transmission Services, Inc. for arbitration of certain terms and conditions  
of a proposed agreement with GTE Florida Incorporated concerning  
interconnection and resale under the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed for filing in the above matter an original and fifteen copies of GTE  
Florida Incorporated's Prehearing Statement together with a diskette with a copy of the  
Prehearing Statement in WordPerfect 5.1 format. Also enclosed are an original and  
fifteen copies of the Rebuttal Testimonies of Kirby D. Cantrell, Michael J. Doane,  
Michael Drew, Larry Hartshorn, John V. Jernigan, Donald W. McLeod, Allan Peters,  
Bert I. Steele, and Dennis B. Trimble.

A part of GTE Corporation

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- AFA \_\_\_\_\_
- APP \_\_\_\_\_
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- CML \_\_\_\_\_
- CTR \_\_\_\_\_
- EAG \_\_\_\_\_
- LEG 1 \_\_\_\_\_
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- RCH \_\_\_\_\_
- SEC 1 \_\_\_\_\_
- WAS \_\_\_\_\_
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*Prehearing*  
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Ms. Blanca S. Bayo  
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Service has been made as indicated on the Certificate of Service. If there are any questions regarding this matter, please contact me at (813) 228-3087.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Anthony P. Gillman".

Anthony P. Gillman  
Associate General Counsel

APG/ts  
Enclosures

ORIGINAL  
FILE COPY

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition by AT&T Communications )  
of the Southern States, Inc. for arbitration )  
of certain terms and conditions of a proposed )  
agreement with GTE Florida Incorporated )  
concerning interconnection and resale under )  
the Telecommunications Act of 1996 )  
\_\_\_\_\_ )

Docket No. 960847-TP  
Filed: September 24, 1996

In re: Petition by MCI Telecommunications )  
Corporation and MCI Metro Access )  
Transmission Services, Inc. for arbitration of )  
certain terms and conditions of a proposed )  
agreement with GTE Florida Incorporated )  
concerning interconnection and resale under )  
the Telecommunications Act of 1996 )  
\_\_\_\_\_ )

Docket No. 960980-TP

GTE FLORIDA INCORPORATED'S PREHEARING STATEMENT

GTE Florida Incorporated (GTEFL) files this Prehearing Statement in accordance with Commission Order numbers PSC-96-1053-PCO-TP and PSC-96-1152-PCO-TP, issued August 16, 1996 and September 13, 1996 respectively, in these consolidated dockets.

A. Witnesses

This witness list reflects the individuals who will testify at the hearing; they are, in some cases, different from the witnesses who submitted Direct Testimony. Where a witness is adopting the Direct Testimony of another individual, that fact is noted. Also, GTEFL witness Steele will be supporting witness Trimble. Mr. Trimble had sponsored testimony relating to GTEFL's cost studies and costing methodologies, as well as GTE's

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pricing methodology. Mr. Trimble will focus on the pricing issues, and Mr. Steele will be offered (preferably at the same time Mr. Trimble takes the stand) to address questions about the GTEFL's costing methodology and the details of the cost studies themselves.

GTEFL's witnesses and the issues about which such witnesses are expected to testify are as follows:

1. Donald McLeod (adopting Seaman's Direct Testimony): Issues 1,2, 4a, 5, 14, 28, 30
2. David Sibley: Issues 3b, 6c, 7c, 8c, 11c, 13b, 15b, 17b, 21b
3. Dennis B. Trimble (with support on cost study details from Bert Steele) : Issues 6c, 7c, 8c, 11c, 13b, 15b, 17b, 20, 21b, 22, 30
4. Bert I. Steele (supporting Trimble): Issues 6c, 7c, 8c, 11c, 13b, 15b, 17b, 20, 21b, 22
5. Douglas Wellemeyer: Issues 1, 2, 3, 13a&b (directory assistance service)
6. Larry Hartshorn (adopting Wood's Direct Testimony): Issues 4b, 7a-c, 13a&b (NID, loop distribution, local switching, loop concentrator/multiplexer, loop feeder, multiplexing/digital cross-connect, operator systems), 15a&b, 27a.
7. William Munsell: Issues 13a&b (tandem switching, dedicated transport, common transport), 16, 24, 25
8. Kirby Cantrell (adopting Ries' Direct Testimony): Issues 21a&b
9. Michael Drew (adopting Langley's Direct Testimony): Issues 4a, 6a-c, 8a-b, 9, 12, 13a&b (operations support systems), 27b, 29
10. Michael L. Dellangelo: Issues 13a&b (AIN capabilities)
11. Douglas N. Morris: Issues 13a&b (signaling link transport, signal transfer points, service control points/databases)
12. Beverly Y. Menard: Issues 13a&b (911 service), 19, 20, 31

13. Allan Peters: Issue 10
14. John V. Jernigan (adopting Bailey's Direct Testimony): Issues 17a&b, 18
15. Gregory B. Duncan: Issues 6c, 7c, 8c, 11c, 13b, 15b, 17b, 21b
16. Thomas Agase: Issues 7a-b, 11a-b

#### B. Exhibits

GTEFL plans to submit the following exhibits:

1. Ex. MLD-1 (attached to Dellangelo Direct Testimony).
2. Exs. DBT-1, DBT-2, DBT-3, and DBT-4 (attached to Trimble Direct Testimony); Exs. DBT-5, DBT-6, DBT-7, and DBT-8 (attached to Trimble Rebuttal Testimony).
3. Exs. RL-1 and RL-2 (attached to Langley Direct Testimony, adopted by Drew).
4. Exs. DNM-1, DNM-2, DNM-3, DNM-4, and DNM-5 (attached to Morris Direct Testimony).
5. Ex. DEW-1 (attached to Wellemeyer Direct Testimony).
6. Ex. GMD-1 (attached to Duncan Direct Testimony).
7. Exs. AEW-1, AEW-2, AEW-3, and AEW-4 (attached to Wood Direct Testimony, adopted by Hartshorn)
8. Exs. DSS-1 (attached to Doane Rebuttal) and DSS-2 (attached to Sibley Direct Testimony, adopted by Doane).
9. Ex. BIS-1, GTEFL's Cost Study and associated support.

GTEFL reserves the right to introduce additional exhibits at the hearing and to use exhibits sponsored by other witnesses for any purpose permitted by this Commission's Rules and the Florida Rules of Evidence.

### C. Statement of Basic Position

The Telecommunications Act of 1996 (Act) holds the promise of creating a robust, facilities-based local exchange telephone marketplace. To this end, Congress has required incumbent local exchange carriers (ILECs) to open up their networks to competitors. Congress was concerned, however, not only with ensuring access to the local network, but also with ensuring that ILECs recover their costs and earn a reasonable profit on their investments.

Contrary to Congress' mandate, the FCC has broken with every major principle underlying the Act. As this Commission has recognized with its effort to obtain a stay of the FCC order, the FCC has unlawfully attempted to strip the States of their rightful role in establishing local telephone rates by establishing elaborate pricing methodologies and default proxy rates. In violation of the Act and the federal and Florida Constitutions, the FCC's pricing rules and default rates guarantee that ILECs will not recover all of their forward-looking or historic costs. Likewise, the FCC has resolved numerous other issues concerning unbundling, resale, and interconnection in a way that favors competitors--not competition.

In this arbitration, AT&T and MCI attempt to take advantage of the FCC's mistakes. They would force GTEFL to sell its services below cost, and they would have this Commission impose rates which would effect an uncompensated unconstitutional taking of GTEFL's property. AT&T's and MCI's positions, if adopted, would compel GTE to subsidize their entry into the local telephone market. That is not competition, as envisioned by the Act.

The principal task for the Commission in this case is to establish a framework for promoting full and fair competition and to ensure that consumers receive the benefits of that competition. In short, the Commission must resolve the disputed issues in a way that promotes competition, not the interests of any particular competitor.

This goal can be achieved only through adoption of prices that encourage efficient market entry, encourage facilities-based competition, and send pricing signals that will maximize consumer welfare. To this end, GTEFL urges the Commission to adopt GTEFL's prices, which reflect forward-looking incremental costs and which include a reasonable share of forward-looking joint and common costs, as determined by the market.

GTEFL's cost studies demonstrate the FCC's default proxy rates (and AT&T's and MCI's proposed rates) are substantially understated and unlawful. The FCC's proxy rates are supposed to reflect (1) forward-looking incremental costs and (2) a reasonable share of forward-looking joint and common costs. But GTEFL's forward-looking incremental costs are themselves higher than the FCC's default proxy rates. By definition, these incremental costs do not include any joint and common costs. Accordingly, the FCC's proxy rates substantially understate GTEFL's total costs.

#### D, E, F. GTEFL's Positions on Specific Issues

GTEFL considers the issues in this proceeding to be mixed questions of fact, law, and policy.

Because GTEFL continues to negotiate with MCI and AT&T on particular issues, GTEFL's positions in this Prehearing Statement are subject to change before the hearing.

Issues Common to AT&T, MCI, and GTEFL

**Issue 1:     **What services provided by GTEFL, if any, should be excluded from resale?****

GTEFL's Position: GTEFL will offer for resale at a wholesale discount all of its retail services except for below-cost services; promotional services; services that are already provided on a wholesale basis; grandfathered services; discounted calling plans; advanced intelligent network (AIN) services; non-recurring charge services; public pay phone lines; semi-public pay phone lines; and COCOT coin and coinless lines. Each of these categories is excluded from wholesale for one of three reasons: (1) GTEFL cannot cover its costs through resale of below-cost services unless such services are first repriced to cover their costs; (2) offering promotions at wholesale would remove GTEFL's ability to differentiate its retail services from those of its competitors; and (3) GTEFL should not be required to offer at wholesale those services that have no avoided retail costs.

**Issue 2:     **Should GTEFL be prohibited from imposing restrictions on the resale of GTEFL services?****

GTEFL's Position: No. As noted above, in response to Issue 1, GTEFL should be able to restrict the resale of its services to the extent that such resale would deny the Company full cost recovery or would cripple its ability to differentiate its retail products in the marketplace. These effects would undermine efficient competition, to the ultimate detriment of consumers.



**Issue 3: What are the appropriate wholesale rates for GTEFL to charge when AT&T or MCI purchase GTEFL's retail services for resale?**

GTEFL's Position: Wholesale rates should be based on avoided, not avoidable, costs. Thus, prices for resold services should equal retail rates minus net avoided costs. Using this method, the avoided costs for GTEFL's residential services are \$0.83 per line per month; for business services, they are \$1.06 per line per month. The FCC's (and, in turn, AT&T's and MCI's) methodology is flawed technically and is contrary to the Act because it measures avoidable costs. This would effect an unconstitutional taking. Because the Act reserves to the States the exclusive authority to set wholesale rates, this Commission is not required to use the FCC's proposed methodology. Nevertheless, if this Commission chooses to follow the FCC's method, GTEFL has submitted an alternative study for calculation of wholesale rates.

**Issue 4a: Should GTEFL be required to implement a process and standards that will ensure that AT&T and MCI receive services for resale, interconnection, and unbundled network elements that are at least equal in quality to those that GTEFL provides itself and its affiliates?**

GTEFL Position: This question appears to raise two separate issues. The first is whether GTEFL is required to provide retail services to requesting carriers at the same level of quality (e.g., outage times) that GTEFL provides to its own customers. GTEFL agrees to provide services to requesting carriers in a nondiscriminatory manner under the same quality standards applicable to GTEFL's own customers. GTEFL is not, however, required to meet unique standards or measures of quality--either different from or higher than GTEFL's own--demanded by AT&T and others.

The second issue is whether GTE is required to implement "processes" (such as support systems or ordering systems) on a nondiscriminatory basis that are equal in quality to GTEFL's. GTEFL agrees to implement processes that will apply on a nondiscriminatory basis to all requesting carriers, but GTEFL is not required to finance and build new support systems or reengineer existing systems to provide AT&T, MCI and others with real time access to GTEFL's systems. This issue is discussed below in Issue 6.

**Issue 4(b): Should GTEFL be required to provide AT&T and MCI loop testing information prior to the establishment of service to an AT&T or MCI customer?**

GTEFL Position: No. GTEFL will provide service levels to other local exchange carriers' customers that are the same as those that apply to GTEFL's customers. GTEFL

does not routinely test every loop on new installations for itself and should not be required to meet another carrier's demands to do so for them.

**Issue 5: What are the appropriate contractual provisions for liability and indemnification for failure to provide service in accordance with the terms of the arbitrated agreement?**

GTEFL Position: This issue is related to Issue 4(a) above, regarding the quality standards sought by AT&T and others.

In order to determine the "appropriate contractual provisions" for liability and indemnification, one must know exactly what is being provided under the agreement. As noted in our response to Issue 4(a), GTEFL should not be required to meet quality standards (e.g., outage times) that are different from or greater than those established by a commission for GTEFL or those adhered to by GTEFL in its regular course of business. Accordingly, GTEFL should not be required to indemnify AT&T and MCI for any and all losses purportedly associated with the features or services GTEFL provides. Indeed, the rates and cost studies presented by GTEFL do not include the costs of insuring against AT&T's and MCI's risk of doing business.

GTEFL's contracts with MCI and AT&T must include the standard provision limiting GTEFL's liability to the charges associated with the time out of service. If MCI and AT&T wish to cut back limitations of liability in their contracts with GTEFL, this provision must be negotiated and prices for the services and elements they purchase will be forced upward to account for potentially enormous liability from consequential damages. In sum, if AT&T and others want a comprehensive insurance policy, GTE must agree to provide such a

policy and the requesting party must pay for it. GTE, however, continues to believe that this "quality standards" issue is best resolved by reference to existing quality standards and limitations of liability provisions.

**Issue 6(a): Should GTEFL be required to provide real-time and interactive access via electronic interfaces to perform the following?:**

**Pre-Service Ordering**

**Maintenance/Repair**

**Service Order Processing and Provisioning**

**Customer Usage Data Transfer**

**Local Account Maintenance**

GTEFL Position: No. In accordance with the Act, GTEFL will provide nondiscriminatory access to these operations support system (OSS) functions at technically feasible points, but it need not provide "on-line" access to the systems themselves. If technically feasible, GTEFL does not oppose the creation of real time electronic interfaces via a nationally standard gateway to its system at other points, upon request, but only if it is properly compensated by the carriers requesting such interfaces.

**Issue 6(b): If this process requires the development of additional capabilities, in what time frame should they be deployed?**

GTEFL Position: Providing real-time, interactive access to GTEFL's OSS will require the development of additional capabilities. In fact, this effort will be so substantial that it may even require replacement or at least significant modification of GTEFL's

operational systems, since GTEFL's OSS were developed to be used by a single provider and not multiple providers. Because GTEFL's OSS are complex and integrated, the Company has only begun the initial analysis to determine exactly what work must be accomplished to satisfy AT&T's and MCI's electronic bonding demands. It is, therefore, impossible to set any realistic timetable for implementation of electronic interfaces. In any event, it is clear that this work cannot be completed by early 1997, as at least AT&T suggests.

**Issue 6(c): What are the costs incurred, and how should those costs be recovered?**

GTEFL Position: As noted in response to issue 6(b), it is still unclear what detailed requirements must be met to create the various interfaces requested by AT&T and MCI. As such, the exact costs associated with this work cannot be calculated at this time. The costs do not have to be determined, however, before deciding who will pay for the new systems. The parties requesting the electronic interfaces should, of course, pay for them, as neither GTEFL nor its customers will receive any benefit from these interfaces.

**Issue 7(a): When AT&T or MCI resells GTEFL's local exchange service, or purchases unbundled local switching, is it technically feasible: (1) to route 0+ and 0- calls to an operator other than GTEFL's; (2) to route 411 and 555-1212 directory assistance calls to an operator other than GTEFL's; or (3) to route 611 repair calls to a repair center other than GTEFL's?**

GTEFL Position: These things are not technically feasible without a large and unknown expenditure, and specific details concerning quantities, locations, and number of carriers requesting such functionalities. Direct routing to another carrier's operator,

directory assistance or repair centers would require additional switch capacity and conditioning. GTEFL does not currently use 611 for repair service.

**Issue 7(b): If this process requires the development of additional capabilities, in what time frame should they be deployed?**

GTEFL Response: As noted above, it is clear that this process will require additional capabilities, such as new switch capacity and conditioning. Ultimately, a long-term industry-standard solution is required to satisfy routing demands. While the timing of this solution is uncertain, GTEFL is willing to provide certain customized routing on an interim basis if AT&T and MCI agree to pay all associated costs.

**Issue 7(c): What are the costs incurred, and how should those costs be recovered?**

GTEFL Response: The costs associated with the customized direct routing requested by AT&T and MCI have not yet been determined. They are site- and fact-specific, and AT&T is obligated to state with particularity the detailed requirements before GTEFL can undertake and complete the work necessary to estimate the costs. However, no cost data are necessary for the commission to order AT&T and MCI to bear the costs of any enhancements they demand to GTEFL's systems.

**Issue 8(a): Should GTEFL be required to provide AT&T and MCI with the billing and usage recording services that AT&T and MCI requested?**

GTEFL Response: Billing and usage recording fit into the category of OSS, discussed above at issue 6. The same concerns noted there apply here. MCI and AT&T

will be provided the same billing services GTEFL uses for its own local and residual services. Likewise, GTEFL will furnish the same type of customer call detail information that GTE collects and uses to bill its own customers. GTEFL is not required to provide billing and usage data on a basis that exceeds what GTEFL provides for its customers, as AT&T and MCI would demand. Nevertheless, GTEFL is willing to explore possible enhancements to its existing OSS that would generate the information the carriers seek if they commit to pay the associated costs.

**Issue 8(b): If this process requires the development of additional capabilities, in what time frame should they be deployed?**

GTEFL Position: It is clear that enhanced billing and recording services will require the development of new capabilities, which will involve substantial development and employee time. While an exact timetable cannot be established at this point, and given the fact that AT&T has not provided a detailed list of its requirements in order for GTEFL to estimate a cost, it is clear that AT&T's 1997 date for completion is unrealistic.

**Issue 8(c): What are the costs incurred, and how should those costs be recovered?**

GTEFL Position: Because the specific tasks involved in meeting AT&T's and MCI's demands have not yet been determined, it is impossible to calculate the associated costs. However, no cost data are necessary for the Commission to order AT&T and MCI to bear the actual incurred costs of any enhancements they demand to GTEFL's systems.

**Issue 9: What type of customer authorization is required for access to customer account information and transfer of existing services?**

**GTEFL Position:** To protect consumers' privacy and to protect against practices such as "slamming," customer consent to disclosure of account information should be clear and unmistakably attained. GTEFL customers must complete a letter of authorization for all services they elect to transfer to an ALEC. Further, AT&T and MCI do not need automatic access to GTEFL's account information for ordering, provisioning, billing or maintenance of their own local service. They can obtain this information directly from their own customers, as GTEFL does. GTEFL will disclose customer proprietary network information to AT&T and MCI only upon specific customer request to do so.

**Issue 10: What are the appropriate rates, terms, and conditions, if any, for call guide pages, directory distribution, and inclusion of AT&T's and MCI's logos on the directory cover?**

**GTEFL Position:** GTEFL has the right to control the content of its own publications, and so should not be compelled to provide pages for its competitors' use or to include their logos on its directory covers. Nevertheless, it is willing to provide limited space for critical customer contact information. Further, if MCI or AT&T wants secondary distribution of directories, they must pay for it. GTEFL's cost study does not include the costs associated with such distribution.

**Issue 11(a): Should GTEFL be required to provide AT&T and MCI access to GTEFL's directory assistance database?**



**GTEFL Position:** No. Allowing multiple parties access to a secure database presents serious problems. Database modifications would be required, for example, to guarantee the continued security of the data and to add a gateway to make access feasible. Problems associated with systems modifications, as well as cost recovery matters, would need to be resolved before GTEFL provides access to its directory assistance database.

**Issue 11(b):** If this process requires the development of additional capabilities, in what time frame should they be deployed?

**GTEFL Position:** As noted in response to issue 11(a), it is certain that additional capabilities will need to be developed before access to GTEFL's directory assistance database is possible. The necessary modifications to allow multiple user access must be vendor-endorsed. While GTEFL has initiated contacts with vendors, time frames to implement multiple user access will depend on vendor responses, which are not yet forthcoming. A realistic time frame for making the necessary database modifications thus cannot be established.

**Issue 11(c):** What are the costs incurred, and how should those costs be recovered?

**GTEFL Position:** The costs associated with database modifications have not yet been determined, but will need to cover, for example, augmenting search and storage capacity and adding firewall/gateway capability to ensure the security and integrity of GTEFL data. Recovery of all incurred costs from the cost causers is the only equitable

approach, as GTEFL will not benefit from the capital expenditures it is required to provide others access to its databases.

**Issue 12: How should PIC changes be made for AT&T's and MCI's local customers?**

**GTEFL Position:** GTEFL should be permitted to make primary interexchange carrier (PIC) changes for AT&T or MCI customers, whether the request for the PIC change comes from AT&T or MCI, on one hand, or from the new interexchange carrier, on the other. GTEFL should not be forbidden to accept PIC changes from the new interexchange carrier per current FCC guidelines without first referring them to the existing carrier. Introducing this cumbersome, additional step would impact GTEFL's automative processes, add costs, and serve no benefit from the end user's perspective, which should be the main concern.

**Issue 13(a): Are the following items considered to be network elements, capabilities, or functions? If so, is it technically feasible for GTEFL to provide AT&T and MCI with these elements?**

• **Network Interface Device:** GTEFL has agreed to allow AT&T and MCI to connect to GTEFL's NIDs, provided that such interconnection (1) does not adversely affect the reliability and security of GTEFL's network; (2) GTEFL recovers all costs associated with unbundling its NID, and (3) GTEFL receives "just and reasonable" compensation for the unbundled NID.

\* **Loop Distribution, Loop Feeder (AT&T only), and Loop Concentrator/Multiplexer (AT&T only):** Because GTEFL's loop plant consists of several

different types of facilities used to connect customers to their central offices, requests for unbundling of any sub-loop elements must be examined on a case-by-case basis. GTEFL will agree to provide as separate items the loop distribution, loop concentrator/multiplexer, and loop feeder in cases where such unbundling is technically feasible, and provided the requesting party pays the cost of providing these elements separately.

\* **Local Switching:** The port is a network element, and GTE agrees to provide this on an unbundled basis. "Switch unbundling," as proposed by AT&T, goes beyond the unbundling requirements of the Act. Such unbundling has numerous feasibility problems at this time; it ignores limitations on the switch capacity, as well as the tremendous development costs associated with modifying existing switches. Moreover, unbundling these switch items could prevent GTEFL from identifying calls routed to an IXC; therefore, AT&T and MCI may be able to avoid paying access charges.

\* **Operator Systems:** GTEFL assumes this item refers to the capability of direct routing to other carriers' operator services/directory assistance platforms and/or to providing access to GTEFL's directory assistance database. These things, which may be considered network features or functionalities, are treated above, in response to Issues 7 and 11. In short, provision of such features is not technically feasible now. If such capabilities are developed in the future, they must be paid for by the party requesting them.

\* **Dedicated Transport, Common Transport:** Dedicated and common transport, as GTEFL understands them, are network elements that are technically feasible to provide. Unbundled transport is provided under rates, terms and conditions of the applicable GTEFL tariff as this does not represent a new unbundled element.

\* **Tandem Switching:** Inter-tandem switching should not be an issue in this proceeding, because GTEFL has only one tandem in Florida. In any case, while inter-tandem switching would be technically feasible (assuming more than one tandem switch), GTEFL should not be ordered to provide it unless AT&T and MCI agreed to current methods for billing inter-tandem traffic which GTE uses in other states. Otherwise, GTEFL would have no way to bill for all of the network elements involved in the completion of calls from AT&T and MCI.

\* **Signaling Link Transport, Signal Transfer Points, Service Control Points/Databases:** These are components of GTE's Signaling System 7 (SS7) network. It is not technically feasible to unbundle the SS7 network into these discrete parts, as proposed by AT&T and MCI. Any attempt to do so would jeopardize the integrity of the network, with potentially disastrous consequences. Further, there are no technical standards to support such unbundling. GTE has offered interconnection with its SS7 signaling system at the signal transfer points (STP), but not at other points. Access to the service control points (SCP) and associated databases is technically feasible at this time

only through the STP pair associated with that SCP. AT&T must pay for the work and the access.

• **Multiplexing/Digital Cross-connect (MCI only):** GTEFL is unclear as to the nature of MCI's demand with regard to this item. If it refers to GTEFL's Digital Access Cross-Connect System, the Company considers this to be an unbundled element that will be offered under the same terms as currently provided to interexchange carriers. If GTEFL has misunderstood the reference, this matter can be clarified between MCI and GTEFL in the prehearing conference.

\***Directory Assistance (DA) Service:** This is not a network element. GTEFL will, however, offer its tariffed operator and DA services for resale on the same terms and at the same rates as the corresponding retail offerings. Because these services require GTEFL to perform the same activities at both the wholesale and retail levels, no resale discount is warranted.

• **911 Service:** GTEFL doesn't consider 911 service as a network element, but supports provision of this service. GTEFL's parameters for 911 Service appear in its Interconnection Agreement with ICI which has been approved by the Commission. In addition, MCI and GTEFL have agreed on language for 911 service for an interim contract. GTEFL is unaware of any outstanding issues for this service.

\* **Advanced Intelligent Network (AIN) Capabilities:** It is not technically feasible to unbundle the AIN trigger. Nevertheless, MCI and AT&T can obtain access to the full functionality of GTEFL's AIN by reaching it through GTEFL's gateway. Providing other carriers a direct link between GTEFL's triggers and AT&T's and MCI's respective platforms is not technically feasible, would be unnecessary to providing full functionality, would threaten the integrity and security of the GTEFL network and would raise the risk of system faults.

\* **Operations Support Systems:** OSS is not a network element. Further, providing access to the functionality of the OSS requires that the single-user OSS be substantially modified and partitioned to make them secure and reliable for multi-user purposes. However, GTE can provide other carriers access to the network functionalities of GTEFL's OSS after GTE has received from AT&T and MCI the detailed definition of their requirements, and has developed the technical modifications required to meet the multi-user demands. This will take significant time and associated costs must be recovered from the carriers requesting such interfaces. As explained above, however, in response to Issues 6 and 8, GTEFL need not provide on-line access to the systems themselves.

**Issue 13(b): What should the price be for each of the items considered to be network elements, capabilities, or functions?**

**GTEFL Position:** As noted in response to Issue 13(a), dedicated and common transport and directory assistance services will be offered at their existing tariffed prices.

The remaining items discussed above will be priced at their total element long-run incremental costs (TELRIC), as calculated by GTEFL, plus a reasonable share of joint and common costs, in accordance with the Act. Prices for unbundled elements must be set to allow GTEFL recovery of its actual network costs, rather than some theoretical measure of costs of a hypothetical network that has never been built.

**Issue 14: Should GTEFL be prohibited from placing any limitations on AT&T's and MCI's ability to combine unbundled network elements with one another, or with resold services, or with AT&T's, MCI's or a third party's facilities to provide telecommunications services to consumers in any manner AT&T or MCI choose?**

GTEFL Position: No. AT&T and MCI should not be permitted to unbundle and then reassemble GTEFL's network. This was not the intention of the Act. Indeed, MCI's and AT&T's proposal would render meaningless the Act's required distinction between unbundled elements and wholesale services, and its directive that these two categories of items be priced differently.

**Issue 15(a): Should GTEFL be required to provide AT&T and MCI with access to GTEFL's unused transmission media?**

GTEFL Position: No. Dark fiber is not a network element, such that it would be subject to unbundling. The Act defines "network element" to include only those facilities that are "used in the provision of a telecommunications service." (Act at sec. 3(45) [emphasis added].) Because ILECs do not use dark fiber in their networks--transport circuits must be "lit" to be used--dark fiber does not meet the statutory definition.

**Issue 15(b): What are the costs incurred, and how should those costs be recovered?**

**GTE Position:** Because GTEFL is not required to provide access to its dark fiber, the cost and cost recovery questions need not be addressed in this proceeding.

**Issue 16: At what point should AT&T and MCI be permitted to interconnect with GTEFL?**

**GTEFL Position:** AT&T and MCI may interconnect with GTEFL at any of the minimum technically feasible points required by the FCC. Interconnection at additional points where other ALECs have already interconnected is not presumptive. Interconnection can only occur if it will not threaten the security and reliability of GTEFL's system, and if GTEFL's costs are fully recovered.

**Issue 17a: What access should be provided by GTEFL for its poles, ducts, conduits, and rights-of-way?**

**GTEFL Position:** Although the Act requires that access to poles, ducts, conduits, and rights-of-way be made available to all cable television systems and telecommunication carriers on a nondiscriminatory basis, it does not force GTE to relinquish its property rights. As such, GTEFL should be permitted to deny access to physical facilities for reasons of safety, capacity, and reliability and for engineering purposes. Further, GTE must be able to satisfy its current needs as well as its future space requirements on the basis of a five-year horizon before being required to provide such access. Requiring



unconstrained access to poles, conduits, ducts, and rights-of-ways, as appears to be requested by AT&T and MCI, would constitute an unconstitutional taking

**Issue 17b: What are the costs incurred, and how should those costs be recovered?**

GTEFL Position: The costs incurred for providing access will vary because they are site-specific. Section 224 of the Act sets forth a formula for determining the costs a pole owner will be entitled to recover, but the FCC has not yet promulgated rules implementing § 224.

Nevertheless, GTEFL believes that to the extent § 224 mandates access, the pole owner should be entitled to recover all its costs in providing access plus a reasonable profit in accord with the Fifth Amendment. GTEFL also believes that an attaching entity such as AT&T should pay for all the "make ready" costs and replacement and rearrangement costs associated with their attachments. Again, these costs will vary from site to site.

**Issue 18: Does the term "rights-of-way" in Section 224 of the Act include all possible pathways for communicating with the end user?**

GTEFL Position: No. There is no evidence that Congress intended to expand the meaning of the term "right-of-way," as used in section 224, to include all possible "pathways" to the end-user customer such as entrance facilities, cable vaults, equipment rooms and telephone closets. The areas identified by AT&T as "pathways" are not part of the distribution network used to place GTE's facilities. Rather, they are the linking point

between GTE's facilities and the customer's premises equipment. These "pathways" generally are not owned or controlled by GTE. GTE places its equipment in these areas through arrangements negotiated with the premises owners. There is nothing to prevent AT&T or MCI from making their own arrangements. In this regard, GTE has represented that it will not discourage property owners from agreeing to similar arrangements with AT&T, nor will GTE enter into agreements that in any way restrict the owner's ability to grant such access to AT&T.

**Issue 19: Should GTEFL be required to provide interim number portability solutions including remote call forwarding, flex-direct inward calling, route index portability hub, and local exchange route guide reassignment?**

**GTEFL Position:** GTE should provide interim number portability (INP) through remote call forwarding (RCF) and direct inward dialing. RCF is a good choice for INP because it is a reliable, proven method that is available today and can be provided without costly changes to ordering, billing, and network systems. Tariffed direct inward dialing is also a good INP solution because it is reliable and can also be implemented without costly network modifications. Other proposed methods of INP should not be required. Directory Number-Route Indexing (DN-RI) is not currently available over GTE's network and would entail a significant investment for a network system that would be obsolete in a few years. Local exchange route guide (LERG) reassignment is not an INP method and should not be utilized.

**Issue 20: What should be the cost recovery mechanism to provide interim local number portability in light of the FCC's recent order?**

GTEFL Position: With regard to pricing of number portability, the Act states that "[t]he cost of establishing . . . number portability shall be borne by all telecommunications carriers on a competitively neutral basis as determined by the [FCC]." Act, §251(e)(2). In July 1996, the FCC released its regulations regarding number portability. (See Number Portability Order.) These regulations establish guidelines for State commissions to follow in setting the rates for INP. Alternatively, however, the State commission may require carriers to file a tariff, in which case the guidelines do not necessarily apply. (Number Portability Order at ¶ 127.)

GTEFL has submitted a cost study depicting the costs of interim number portability (see Tab 9 of Cost Study). GTEFL must recover its costs through tariffed rates to the extent to which such tariffs have already been filed or, alternatively recover the costs of INP through a cost pooling system. Because generic hearings are being held on this issue (in Docket No. 950737-TP) on November 25, 1996, there is no need to resolve it in this company-specific docket.

**Issue 21a: Should GTEFL be prohibited from placing any limitations on interconnection between two carriers collocated on GTEFL's premises, or on the types of equipment that can be collocated, or on the types of uses and availability of the collocated space?**

GTEFL Position: The Act does not require GTE to permit collocators to cross-connect in order to bypass GTE's network. However, pending judicial review of the FCC's Order, GTE will permit the interconnection via cross-connects of the collocated equipment of different ALECs under the following conditions: (1) GTE shall determine whether the provisioning of the cross-connect is performed by GTE or the ALECs; (2) the connected

equipment is used for interconnection with GTE or access to GTE's unbundled network elements; (3) adequate space is available; (4) reasonable security arrangements can be provided; and (5) the ALECs pay all costs associated with the cross-connect. Collocators should be permitted to place on GTE's premises only equipment that is technically necessary to provide basic transmission service, such as concentration or circuit terminated equipment (including optical line terminating equipment and multiplexing). They should not be permitted to collocate switches, enhanced services equipment or customer premises equipment.

**Issue 21b: What are the costs incurred, and how should those costs be recovered?**

GTEFL Position: The costs must be recovered from the entity seeking collocation. Collocation rates should allow for recovery of all of GTEFL's applicable costs as permitted under the Act. GTEFL has developed cost studies for collocation (see Tab 9 of GTEFL's cost study). Specifically, GTEFL developed collocation element costs studies for Network Access Cross Connection (DS-0, DS-1, and DS-3 levels); Physical Engineering Fee; Building Modification Charges; Partitioned Space Rental; DC Power; and Cable Space Charges.

**Issue 22: What should be the compensation mechanism for the exchange of local traffic between AT&T or MCI and GTEFL?**

GTEFL Position: Under the Act, rates charged by GTEFL for termination of an ALECs' traffic should be based on the cost (determined without reference to a rate-of-return or other rate-based proceeding). Such rates must also be nondiscriminatory, and

may include a reasonable profit. GTE contends that these rates should be determined according to the Market Determined-Efficient Component Pricing Rule ("M-ECPR"). GTE should not be required to use a bill-and-keep arrangement, either initially or permanently. However, GTEFL should be permitted to enter into voluntary bill-and-keep arrangements where the traffic is likely to be in balance.

**Issue 23:** Deleted upon AT&T's instructions.

**Issue 24:** *What should be the term of the agreement?*

**GTEFL Position:** The term of any agreement should not be greater than two years. The Act did not intend to place permanent long term disabilities on the incumbent LECs, but to foster competition by opening the market to AT&T, MCI and others. Shorter-term agreements are pro-competitive, especially in a rapidly changing market.

**Issue 25:** *Can the agreement be modified by subsequent tariff filings?*

**GTEFL Position:** GTEFL believes that negotiation is the most appropriate way to attain terms and conditions that will best produce a competitive marketplace. Notwithstanding that fact, if the Commission approves tariffs, they may take precedence over contract terms.

**Issue 26:** Deleted upon AT&T's instructions.

**Issue 27a: When MCI resells GTEFL's service, is it technically feasible or otherwise appropriate for GTEFL to brand operator services and directory services calls that are initiated from those resold services?**

**GTEFL Position:** Customized branding is not currently technically feasible for resold services. GTE has been in contact with our vendors and is in the process of identifying requirements and associated costs to provide this service for multiple customers in a non-discriminatory manner.

**Issue 27b: When GTEFL's employees or agents interact with MCI's customers with respect to a service provided by GTEFL on behalf of MCI, what type of branding requirements are technically feasible or otherwise appropriate?**

**GTEFL Position:** GTEFL should be able to continue to identify its personnel and its business offices as its own. It is unreasonable and inappropriate to expect GTE employees to identify themselves as employees of GTE, MCI, AT&T, and other companies at different times. For example, if GTE technicians were required to carry various ALECs' branded material, they would be forced to spend inordinate amounts of time trying to determine for whom they were working and coordinating the branding of various competing carriers. Likewise, GTEFL should be able to maintain repair centers that are identified as its own. Should an MCI customer misdirect a call to GTE's Customer Care Center, GTE will provide that customer with the telephone number of MCI's repair centers. GTE service personnel providing repair service to MCI customers are GTE employees. GTE is, however, willing to use an unbranded no access door-hanger when providing repair services to MCI and other ALEC customers.

**Issue 28: Should GTEFL be required to provide notice to its wholesale customers of changes to GTEFL's services? If so, in what manner and in what time frame?**

GTE's Position: Notification of price changes or introduction of promotions on existing services would be made shortly after the filing of a new tariff. Changes in the features or functions of existing services, or introduction of services into a central office, would be communicated through a features and functions file on a periodic basis. Introduction of a new technology that GTE has not deployed before would be determined on a case-by-case basis as the product is developed.

**Issue 29: In what time frame should GTEFL provide CABS-like billing for services and elements purchased by MCI?**

GTEFL Position: Trunk-side interconnection will be billed using CABS. GTEFL cannot, however, bill line-side interconnection through CABS at this time. The important consideration is that GTEFL will use for MCI the same system (CBSS) that generates GTE's own end user bill for GTE local and residential services. In the meantime, GTEFL is working to enhance CABS to handle both trunk-side and line-side billing, but the completion date for this project is not yet certain.

**Issue 30: What intrastate access charges, if any, should be collected on a transitional basis from carriers who purchase GTEFL's unbundled local switching element? How long should any transitional period last.**

GTEFL Position: Full intrastate access charges should be collected on a transitional basis from carriers who purchase GTEFL's unbundled local switching element.

The transition period should last until local rates are rebalanced and intrastate universal service issues are resolved.

**Issue 31: What are the appropriate rates, terms, and conditions for access to code assignments and other numbering resources?**

GTEFL Position: To the extent GTE serves as Central Office Code Administrator for a given region, GTE will support all AT&T and MCI requests related to central office (NXX) code administration and assignments in an effective and timely manner. All carriers should comply with code administration requirements as prescribed by the Federal Communications Commission, the Commission, and accepted industry guidelines. It shall be the responsibility of each carrier to program and update its own switches and network systems to recognize and route traffic to the other carrier's assigned NXX codes at all times. Neither carrier shall impose any fees or charges whatsoever on the other Carrier for such activities.

**Issue 32:** Deleted upon MCI's instructions.

G. Stipulated Issues

No issues have been stipulated in this proceeding.

H. Pending Motions

GTEFL is awaiting Commission action on its Motion to Deny AT&T's Request Regarding Implementation of the FCC's Default Proxy Rates, filed on September 20, 1996.



I. Compliance Statement

GTEFL is unaware of any requirement in the procedural orders in these consolidated cases with which it cannot comply.

Respectfully submitted on September 24, 1996

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that copies of GTE Florida Incorporated's Prehearing Statement and the Rebuttal Testimonies of Kirby D. Cantrell, Michael J. Doane, Michael Drew, Larry Hartshorn, John V. Jernigan, Donald W. McLeod, Allan Peters, Bert I. Steele, and Dennis B. Trimble in Docket No. 960847-TP were hand-delivered (\*) or sent via overnight mail (\*\*) on September 24, 1996 to the parties listed below.

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