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GTE FLORIDA INCORPORATED

REBUTTAL TESTIMONY OF DONALD W. MCLEOD

DOCKET NO. 960980-TP **960847**

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

A. My name is Donald W. McLeod. My business address is 600 Hidden Ridge, Irving, Texas.

**Q. BY WHOM ARE YOU EMPLOYED AND WHAT IS YOUR POSITION?**

A. I am employed as Vice President - Local Competition/Interconnection Program Office for GTE Telephone Operations, which has telephone operations in 28 states.

**Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND WORK EXPERIENCE.**

A. I graduated from San Diego University in June 1966, receiving a Bachelor of Science degree in Business Administration with a Management major. Immediately upon graduation from college, I joined the Engineering Department of General Telephone Company of California, where I was involved in the preparation of Cost Separations Studies. In August 1969, I moved to General Telephone

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RECORDS/REPORTING

1 Company of the Northwest, as Settlements Administrator. In  
2 February 1971, I became Revenue Requirements Administrator with  
3 GTE Service Corporation. In that capacity, I was involved in  
4 settlement matters affecting all GTE telephone operating companies.

5  
6 In December 1972, I was appointed to the position of Business  
7 Relations Manager with General Telephone Company of Florida,  
8 where I was responsible for the supervision of Division of Revenue  
9 Studies. I was promoted to the position of Director of Business  
10 Relations in December 1979, with responsibility for the preparation  
11 of separations studies, various cost valuation studies, connecting  
12 company matters, and the functional coordination of rate case  
13 activity.

14  
15 In October 1981, I returned to GTE Service Corporation. During the  
16 next five years, I held various positions pertaining to the areas of  
17 strategic revenue planning, access and cost allocation issues, rate  
18 cases and carrier relations. I subsequently transferred to GTE North  
19 in July 1986, accepting the position of Director-Revenue Planning,  
20 where I was responsible for strategic revenue planning, capital  
21 recovery state and federal regulatory filings, and policy  
22 recommendations on revenue matters. In October 1988, I was  
23 appointed Director-Revenue & Earnings Management-North Area.  
24 In June 1991, I was appointed Director-Revenue & Earnings (South).  
25 In December 1993, I was appointed Vice President-External Affairs

1 (Florida) and was appointed Regulatory and Governmental Affairs  
2 Vice President (East) in October 1994. In March 1996, I accepted my  
3 present position.

4

5 **Q. DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING?**

6 A. No, but I am thereby adopting the Direct Testimony of Meade  
7 Seaman. Because the GTE Operating Companies are involved in  
8 numerous, concurrent arbitrations with various companies through the  
9 country, it is inevitable that scheduling conflicts will arise for the few  
10 witnesses that are available to testify on any given subject. It thus  
11 becomes necessary, as in my case, to substitute one witness for  
12 another after direct testimony is filed.

13

14 **Q. DO YOU WISH TO MAKE ANY SUBSTANTIVE REBUTTAL TO**  
15 **MCI?**

16 A. Yes. I believe Mr. Seaman effectively rebutted MCI's general policy  
17 positions, and I adopt his testimony in response to MCI's positions.  
18 In addition, I have additional points to make regarding MCI's and  
19 AT&T's positions on quality of service standards, and regarding their  
20 request that GTE indemnify each ALEC against revenue lost because  
21 of failure in GTE's network or services. I also will address the  
22 question whether the interconnection agreement, once finalized,  
23 should be modified by later tariffs, and whether advance notice  
24 should be given to wholesale customers of engineering and other  
25 changes in GTE services.

1       **Q.    SHOULD GTEFL BE REQUIRED TO IMPLEMENT A PROCESS**  
2           **AND STANDARDS THAT WILL ENSURE THAT AT&T AND MCI**  
3           **RECEIVE SERVICES FOR RESALE, INTERCONNECTION AND**  
4           **UNBUNDLED NETWORK ELEMENTS THAT ARE AT LEAST**  
5           **EQUAL IN QUALITY TO THAT WHICH GTEFL PROVIDES ITSELF**  
6           **AND ITS AFFILIATES?**

7       **A.**    GTEFL already plans to provide service quality that is non-  
8           discriminatory and equal to that which GTEFL provides to itself and  
9           its affiliates. However, the petitioners in this proceeding seem to go  
10          beyond that in wanting to set their own quality standards on an  
11          individualized basis for service they obtain from GTE. In response,  
12          GTEFL believes that it should not be required to adhere to different  
13          metrics and to different standards of performance for different ALECs.  
14          This would be onerous, particularly when multiple ALECs begin to  
15          operate in this market. It is already difficult enough to address  
16          differing quality standards among the 50 states given different  
17          approaches taken by the various commissions. To divide up that  
18          measurement process and standards levels further among various  
19          ALECs would be totally unworkable and impose a tremendous and  
20          useless burden on GTEFL. Further it would not benefit the ALECs,  
21          for GTEFL already is committed to providing them non-discriminatory  
22          treatment with respect to the quality standards set in the public  
23          interest in each state.

24  
25

1       **Q.   WHAT ARE THE APPROPRIATE CONTRACTUAL PROVISIONS**  
2           **FOR LIABILITY AND INDEMNIFICATION FOR FAILURE TO**  
3           **PROVIDE SERVICE IN ACCORDANCE WITH THE TERMS OF THE**  
4           **ARBITRATED AGREEMENT?**

5       **A.   GTEFL's contracts with MCI and AT&T must include the standard**  
6           **provision that limits GTEFL's liability to the charges associated with**  
7           **the time out of service. If MCI and AT&T wish to cut back limitations**  
8           **of liability in their contracts with GTEFL, this provision must be**  
9           **negotiated. In such negotiations, and as a consequence of any such**  
10          **cutback, the prices for services and elements will be forced upward**  
11          **to account for the potential risk-shifting that the parties may agree**  
12          **upon. This question simply addresses risk-shifting, and as with every**  
13          **contract, the party that bears increasing amounts of risk necessarily**  
14          **must cover the cost of that risk by pricing the products and services**  
15          **accordingly. In sum, if AT&T and others want a comprehensive**  
16          **insurance policy, it cannot be done without GTEFL's agreement and**  
17          **the party's payment to GTEFL for such insurance.**

18  
19          This question in fact is related to the quality standards issue  
20          addressed in my previous answer. In order to determine the  
21          appropriate contractual provisions for liability and indemnification,  
22          one must know precisely what is being provided under the  
23          agreement. As I noted already, GTE should not be required to meet  
24          differing quality standards for different wholesale customers, or to  
25          meet standards different than those established by the commission

1 for GTEFL or those adhered to by GTEFL in its regular course of  
2 business. Accordingly, GTE should not be required to indemnify  
3 AT&T or MCI for any and all losses purportedly associated with the  
4 features or services GTEFL provides.

5

6 What is more, the rates and cost studies presented by GTEFL in this  
7 arbitration do not include the costs of insuring against AT&T's and  
8 MCI's risk of doing business.

9

10 **Q. MAY THE INTERCONNECTION AGREEMENT ULTIMATELY**  
11 **ACHIEVED BETWEEN GTEFL AND THE PETITIONING ALECs BE**  
12 **MODIFIED BY SUBSEQUENT TARIFF FILINGS?**

13 **A.** Of course. The agreement, once achieved, will address matters over  
14 which the parties have negotiated. GTEFL believes that negotiation  
15 is the most appropriate way to attain terms and conditions that will  
16 best produce a competitive marketplace.

17

18 But tariffs will continue to be filed from time to time pursuant to the  
19 Commission's rules and requirements. The Commission should not  
20 be hamstrung from having full authority to review and approve those  
21 tariffs at the time they are filed based upon all the considerations  
22 pertinent at that time, including the public interest and the competitive  
23 nature of the market. It makes neither good business sense nor good  
24 public policy for the ALECs to suggest that the Commission should  
25 restrain the authority it has for the future.

1       **Q.    AS A WHOLESALE VENDOR OF SERVICES, SHOULD GTE BE**  
2           **REQUIRED TO PROVIDE ADVANCE NOTICE TO ITS WHOLESALE**  
3           **CUSTOMERS OF CHANGES TO GTEFL'S SERVICES?**

4       **A.**    This issue of notification needs to be addressed in three categories  
5           of changes. First is changes to existing service, such as price  
6           changes and discontinuance of an offering; second is deployment of  
7           new technology; and third is network changes, such as new NXX's,  
8           office homing arrangements, and NPA splits. GTE is prepared to give  
9           notification to ALEC customers for these types of changes in certain  
10          time frames.

11

12       **Q.    PLEASE DESCRIBE IN WHAT MANNER GTE WILL PROVIDE**  
13           **NOTIFICATION OF CHANGES TO EXISTING SERVICES WOULD**  
14           **BE MADE AND IN WHAT TIME FRAME.**

15       **A.**    For changes to existing services, GTE will file applicable tariffs with  
16           the Florida PSC. A tariff filing *is*, in purpose and effect, a public  
17           notification. That is, all ALECs have equal access to the Florida PSC  
18           and will have notice of changes upon filing of the tariff. Typically,  
19           tariff filings occur prior to the effective date of the tariff. The period  
20           between the filing date and the effective date therefore would be the  
21           advance notification period. Because the PSC controls the approval  
22           process and time line associated with tariff filings, GTE believes this  
23           is an appropriate method of providing advance notification of changes  
24           to existing services.

25

1       **Q.    WHY COULDN'T GTEFL INFORM ALECs OF UPCOMING FILINGS**  
2       **AND THEIR ASSOCIATED DETAILS PRIOR TO THE FILING**  
3       **DATE?**

4       A.    Many times, the specific details of a filing are not known to GTEFL  
5       much more than a day or two prior to the actual filing. In today's  
6       market, where service development cycle times are constantly being  
7       compressed, details regarding ordering, billing, feature availability,  
8       and price level are determined literally days or hours before a filing.  
9       It would be impossible to anticipate all aspects of a filing days in  
10      advance, much less months in advance, of the actual filing itself.

11  
12      **Q.    PLEASE DESCRIBE IN WHAT MANNER NOTIFICATION FOR THE**  
13      **DEPLOYMENT OF NEW TECHNOLOGY WOULD BE MADE, AND**  
14      **IN WHAT TIME FRAME.**

15      A.    For the deployment of new technology into the network, GTEFL would  
16      be willing to meet periodically with interested ALECs, on an  
17      individualized basis, to hold joint planning meetings to discuss the  
18      deployment of new technology and the introduction of new service  
19      offerings. Local exchange carriers, including GTEFL, frequently do  
20      this now in the LEC/IXC relationship. Utilizing a similar process,  
21      advance notification of new technology and new offerings may occur  
22      six months or so in advance of general availability, although full  
23      details of the new technology are not available until later in the  
24      planning and development process. For this reason, notice of the  
25      deployment of new technology cannot be subject to a standardized



1 rule regarding advance notification, but must be handled by the two  
2 parties on a case-by-case basis. GTEFL suggests that each ALEC  
3 contact its account manager to establish a schedule for planning  
4 meetings.

5

6 **Q. PLEASE DESCRIBE IN WHAT MANNER NOTIFICATION FOR**  
7 **NETWORK CHANGES WOULD BE MADE AND IN WHAT TIME**  
8 **FRAME.**

9 A. Notification already exists today in GTEFL's local exchange  
10 company-IXC relationship. GTEFL routinely sends information  
11 pertaining to a number of network changes to many IXCs, AT&T and  
12 MCI included, regarding, for example, equal access conversions,  
13 NPANXX additions, NPA splits, CLLI code changes, and CLLI code  
14 assignments. Additionally, GTEFL provides to many IXCs a network  
15 activity schedule which includes equal access cut dates, C.O.  
16 conversion cut dates, intraLATA equal access conversion schedules,  
17 new host/remote relationships, and tandem re-homes.

18

19 **Q. WOULD GTEFL AGREE TO MAKE THIS INFORMATION**  
20 **AVAILABLE TO REQUESTING ALECs?**

21 A. Yes. Although many small ALECs may not desire all of the  
22 information that GTEFL typically provides to large carriers such as  
23 AT&T and MCI, GTEFL would be willing to provide the data  
24 mentioned in my last answer to ALECs who desire to do business  
25 with us.

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

**A. Yes, it does.**