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GTE FLORIDA INCORPORATED

REBUTTAL TESTIMONY OF DAVID E. ROBINSON

DOCKET NO. 90000-TL

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David E. Robinson. My business address is GTE Telephone Operations, 600 Hidden Ridge Drive, Irving, Texas 75038.

Q. DID YOU FILE DIRECT TESTIMONY IN THIS PROCEEDING?

A. Yes, I did.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I will principally respond to the Direct Testimony of R. Earl Poucher on behalf of the Office of Public Counsel.

Q. DOES MR. POUCHER ACKNOWLEDGE THE PIVOTAL ROLE OF TRAFFIC STATISTICS IN DETERMINING WHETHER EXTENDED AREA CALLING WILL BE ORDERED?

A. Yes. Mr. Poucher admits that "Commission rules require that at least three (3) messages per month (MAM) be originated from an exchange requesting EAS to another exchange before the Commission will require a vote for the provision of flat rate EAS." (Poucher Direct Testimony at 4, lines 5-7.) As I pointed out in my Direct Testimony, the Commission has already considered the traffic studies in this docket and rejected flat-rate EAS as well as a mandatory alternative

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1 toll plan (See Order no. PSC-96-0620-FOF-TL at 2-3.) This inquiry
2 into extended calling should thus be at an end.

3

4 Q. BUT, IN HIS DIRECT TESTIMONY AT 5, LINES 10-12, MR.
5 POUCHER STATES THAT "WHERE TRAFFIC VOLUMES HAVE
6 BEEN FOUND TO BE LESS THAN 3 MAM, THE COMMISSION HAS
7 APPROVED BOTH FLAT RATE EAS OFFERINGS AND
8 ALTERNATIVE EAS PLANS." IS IT TRUE THAT THE
9 COMMISSION CAN AND HAS ORDERED FLAT-RATE EAS EVEN
10 THOUGH CALLING STATISTICS WERE INSUFFICIENT UNDER
11 THE RULES?

12 A. To GTEFL's knowledge, the Commission has never approved flat-rate
13 EAS on routes where traffic volumes have not met the traffic criteria
14 set forth in the Commission's rules. Such action would violate the
15 Commission's own rules.

16

17 Indeed, despite the above-quoted statement, Mr. Poucher offers no
18 examples of the Commission's having approved flat-rate EAS where
19 traffic volumes were less than 3 MAM. What he does focus on
20 repeatedly, however, is a Franklin County case where the
21 Commission ordered balloting for flat-rate EAS even though calling
22 statistics did not satisfy the traffic thresholds. The ballot failed and
23 flat-rate EAS was not implemented. (See Order numbers 23962
24 (January 7, 1991) and 24835 (July 19, 1991).)

25

1 Q. EVEN IF THE TRAFFIC STATISTICS DON'T JUSTIFY FLAT-RATE
2 EAS, CAN'T THE COMMISSION ORDER SOME KIND OF
3 ALTERNATIVE EXTENDED CALLING PLAN?

4 A. It is true that if calling statistics don't measure up, the Commission
5 can consider "other community of interest factors" in evaluating
6 whether an alternative to flat-rate EAS might be warranted. (See
7 Commission Rule 25-4.060(5).) The most typical example of such an
8 alternative is extended calling service (ECS), where customers are
9 charged \$.25 per call, instead of the otherwise applicable toll rates.

10

11 The Commission's ability to consider non-numerical community of
12 interest factors does not mean, however, that the Commission can
13 focus solely on those factors and simply ignore the traffic statistics.
14 This is clear from the Commission's precedent on extended calling.

15 As the Commission stated in the May, 1996 Order in this very case,
16 "Historically, this Commission has considered the \$.25 calling plan or
17 ECS on routes that met the calling rate and exhibited a substantial
18 showing on the distribution requirement...Typically, these cases were
19 close to meeting our requirements but fell short by a small percentage
20 on the distribution criteria." (Order no. PSC-96-0620-FOF-TL, at 2.)
21 Because none of the routes in this case met even the relaxed criteria
22 for ECS, the Commission found--consistent with its past decisions--
23 that no mandatory toll alternative was warranted.

24

25 Even in the Volusia County case Mr. Poucher mentions, the

1 Commission was careful to note that "The specific [alternative toll]
2 plan has been dependent upon the traffic volumes on the routes
3 under consideration." (Order no. PSC-92-1491-FOF-TL, at 4.)

4
5 In short, the Commission has already found that the other, subjective
6 community of interest factors it may consider in this case would not
7 suffice to balance out calling statistics that are too low to indicate a
8 community of interest even for ECS, let alone EAS.

9
10 **Q. IS THERE ANY REASON FOR THE COMMISSION TO BE**
11 **UNUSUALLY LIBERAL IN EVALUATING THE NON-**
12 **QUANTIFIABLE COMMUNITY OF INTEREST FACTORS IN THIS**
13 **CASE?**

14 **A.** No. To the contrary, the Commission should be extremely cautious
15 in departing from its Rules and customs of relying heavily on
16 numerical traffic statistics in extended calling cases. As I pointed out
17 in my Direct Testimony, even though GTEFL has agreed to conduct
18 this case under the superseded Chapter 364, the Commission cannot
19 ignore the fact that the local exchange is now open to competition.
20 Changed market conditions cast doubt on the need for any mandatory
21 extended calling plans.

22
23 Furthermore, GTEFL does not believe there has been any
24 extraordinary showing of non-numerical community of interest factors
25 to justify waiver of any Commission rules or past policies in

1 considering extended calling requests. To this end, the Commission
2 should reject Mr. Poucher's invitation to expand the logic from a
3 handful of unique cases to grant mandatory toll relief in this case.
4 Rather, the Commission should affirm its previous finding that--
5 consistent with the bulk of its precedent in this area--no EAS or ECS
6 is justified in this case.

7

8 **Q. AT PAGE 10, LINES 8-12 OF HIS DIRECT TESTIMONY, MR.**
9 **POUCHER COMMENTS THAT GTE "WOULD PROBABLY**
10 **EXPERIENCE A REVENUE INCREASE" IF FLAT-RATE EAS WAS**
11 **ORDERED. HOW DO YOU RESPOND TO THIS ASSERTION?**

12 **A. This statement only emphasizes the pitfalls of trying to fit EAS into a**
13 **competitive local exchange environment. Mr. Poucher's conclusion**
14 **about a favorable financial impact on GTEFL is based on the explicit**
15 **assumptions that GTEFL will benefit from regrouping revenues and**
16 **a twenty-five (25) percent additive above existing local rates. In the**
17 **old, monopoly environment, where EAS would have foreclosed toll**
18 **competition, the regrouping and additive may have helped offset**
19 **GTE's toll losses. But Mr. Poucher wholly ignores the effects of these**
20 **factors in a competitive marketplace. The mandatory regrouping and**
21 **additive--which effectively increase existing local rates--will just give**
22 **GTE's competitors further room to undercut GTE and to take its**
23 **customers. At the same time, GTE will lose its existing toll revenues.**

24

25

1 As the Commission indicated in the Franklin County docket Mr.
2 Poucher cites, cost recovery for the company is a key consideration
3 in association with a toll relief request. (Order no. 23962 at 4.) To
4 this end, the agency must remember that competitive entry has
5 complicated the assessment of the financial effects of mandatory
6 extended calling on GTE, and it should avoid relying—as Public
7 Cour t has—on easy assumptions that no longer hold true.

8
9 Finally, even aside from the matter of potential harm to GTE, the
10 Commission must consider the broader issue of harm to competition.
11 The Florida Legislature and the U.S. Congress have placed their faith
12 in market forces as the best way to achieve competitive benefits for
13 consumers. Regulatory intervention should be held to a minimum to
14 avoid disrupting the efficient functioning of the market. More
15 regulation should be the exception, rather than the norm. In this
16 case, no extraordinary circumstances have been shown to justify
17 taking the risk of undermining market efficiency with a mandatory
18 calling plan.

19
20 **Q. BUT SOME HAINES CITY RESIDENTS HAVE EXPRESSED THE**
21 **NEED FOR TOLL RELIEF. HOW WILL THEY GET THEIR NEEDS**
22 **MET WITHOUT A COMMISSION MANDATE?**

23 **A. By the same market forces I talked about above. If there is sufficient**
24 **market demand for extended calling, companies will step in to meet**
25 **it. There is no need for a regulatory mandate. As I detailed in my**

1 Direct Testimony, GTE is willing to consider offering a totally optional
2 local calling plan (LCP) to satisfy the Haines City residents' calling
3 needs. With LCP, customers can choose among a number of
4 different options to meet diverse calling needs. It is not a one-size-
5 fits-all approach, as a mandatory plan would be. Further, no
6 customer will be forced to pay an additive against his wishes, as is
7 inevitably the case for some customers under an EAS scenario.

8
9 I have read the testimony of the Haines City representatives in this
10 case and sympathize with their position. But I believe that GTEFL's
11 LCP, rather than a Commission ordered plan is the best resolution to
12 Haines City's request for extended calling. GTEFL's LCP will satisfy
13 expressed wishes for extended calling without undermining
14 competitive market forces and without any need for the Commission
15 to depart from its rules and practices requiring particular calling levels
16 for toll relief.

17
18 In addition, the Commission should keep in mind that other local
19 exchange and toll companies are free to offer Haines City residents
20 innovative calling options in competition with GTEFL's LCP. In
21 addition, these GTEFL competitors can define their local serving area
22 (and thus the local calling scope) as broadly as they wish.

23
24 **Q. MR. POUCHER MAKES THE POINT THAT GTE ITSELF IN ITS**
25 **LAST RATE CASE PROPOSED COUNTYWIDE CALLING**

1 **(POUCHER DIRECT TESTIMONY AT 11, LINES 1-5.) WHY HAS**
2 **GTE CHANGED ITS POSITION HERE?**

3 A. The countywide calling proposal Mr. Poucher refers to was made
4 several years ago, in 1992, in the context of a comprehensive rate
5 case. A lot has changed in the intervening years—indeed, GTEFL, is
6 now a price-regulated carrier rather than a rate regulated carrier.
7 Florida has revised its telecommunications law to open the local
8 exchange, followed by dramatic federal legislation—the
9 Telecommunications Act of 1996—wholly overhauling
10 telecommunications law regulation. In view of these sweeping
11 changes, many things that may have been appropriate five years ago
12 are incongruous within the new market scheme. As I discussed
13 above, mandatory extended calling plans are one of these things.
14 They will only suppress the market efficiency the new state and
15 federal laws were intended to encourage. Certainly, now is not the
16 time to extend use of mandatory calling plans.

17

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

19 A. Yes, it does.

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