EXHIBIT 2

Rebuttal Testimony of Hugh J. MacBeth, Docket No. 860455-TL

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

Investigation Of Joint And Shared Use Of Telephone Service In Florida	)	Docket No. 851005-TP
Investigation Into Appropriate Rates And Conditions Of Service For Shared Local Service	)	Docket No. 840455-TL

REBUTTAL TESTIMONY OF HUGH J. MACBETH
ON BEHALF OF THE GREATER ORLANDO AVIATION AUTHORITY

Q: **Please state your name and current business address.**

A: My name is Hugh J. Macbeth. My current business address is 6000 McCoy Road, P.O. Box 62004, Orlando, Florida 32862-0004.

Q: **By whom and in what position are your currently employed?**

A: I am employed by the Greater Orlando Aviation Authority ("GOAA") as Manager of Information Services and Telecommunications.

Q: **Have you previously filed testimony in this proceeding?**

A: Yes, I filed direct testimony in this proceeding on July 15, 1986.

Q: Have you reviewed the testimony filed by other parties in this proceeding?

A: Yes, I have reviewed the direct testimony filed in this proceeding.

Q: What is the purpose of your rebuttal testimony?

A: The purpose of my rebuttal testimony is to address issues raised by local exchange carrier ("LEC") witnesses in this proceeding. Specifically, I intend to address certain issues regarding the sharing of telecommunications services and facilities raised by Southern Bell Telephone and Telegraph Company ("Southern Bell") witnesses J. Thomas Knight and Jacklyn A. Mickle, General Telephone Company of Florida ("General") witness Paul D. Glassburn, United Telephone Company of Florida ("United") witness Robert L. McCullers, Jr., and Public Service Commission Staff ("Staff") witness Jill Nickel Hurd. (The direct testimony of these witnesses and the direct testimony of other witnesses will be cited by the witness' name and page number.)

Q: As a threshold matter, would you comment on the assertion of General's and United's witnesses that the sharing of local telephone service is not in the public interest?

A: Certainly. My rebuttal testimony will address the position of the LEC witnesses from the perspective of sharing arrangements undertaken in a government-owned airport situation such as Orlando International Airport. As my direct testimony demonstrates, the shared telecommunications system currently in operation at Orlando International Airport (and installed by Southern Bell) is very much in the public interest. Indeed, the public interest, particularly the public safety, would be enhanced, not impaired, by the institution of similar shared systems at other government-owned airports in Florida. Accordingly, it is my belief that, regardless of the outcome of this proceeding with respect to other shared service arrangements, this Commission clearly should determine that the type of sharing arrangement undertaken at Orlando International Airport is in the public interest and should be continued in its current configuration.

In their direct testimony, two LEC witnesses testify that the sharing of local telephone service by unaffiliated, non-transient entities is not in the public interest. (McCullers at 3; Glassburn at 3, 7.) Southern Bell's witness Knight states that such sharing is in the public interest "if tariffed properly" -- a caveat which, given Southern Bell's tariff proposal, would likely as a practical matter foreclose the development of such arrangements and thereby preclude the public from ever achieving that interest. (Knight at 21.) In my view, and as explained later in more detail, the LEC witnesses fundamentally ignore the public and private benefits which have occurred as a result of the shared PBX arrangement, including shared local telephone service, currently in operation at Orlando International Airport and which would not be realized in the absence of that shared system. (E.g., Macbeth at 14-18.)

Moreover, the attempt by the LEC witnesses to show that the public interest would be harmed by such sharing is fundamentally flawed. (McCullers at 3; Glassburn at 3, 7; Knight at 6-8.) As I showed in my direct testimony, LECs will not experience a significant loss in revenue as a result of the sharing of local service and, as LinCom witness Smith stated in his direct testimony, such sharing will not materially change the likelihood of bypass of the local exchange network. (Macbeth at 20-21; Smith at 19-21.)

Q: Would you explain your disagreement with the assertion by LEC witnesses that the full range of services that GOAA currently obtains through its shared system can be provided through a partitioned PBX?

A: Yes. The LEC witnesses maintain that "most, if not all, of the benefits of STS can be achieved via a partitioned PBX without the sharing and resale of local service." (Knight at 4; see also McCullers at 5; Glassburn at 4, 12.) In fact, contrary to that assertion, the sharing of local trunks is an essential aspect of our shared telecommunications arrangement at Orlando International Airport.

A prohibition on the sharing of local trunks might take the form of a station partitioning requirement (preventing users from intercommunicating behind a shared switch) or a trunk partitioning requirement (prohibiting users from commingling their local traffic on shared trunks). Either or both of these types of requirements would effectively eliminate the benefits of our shared system.

Q: Why would a provision prohibiting intercom calling between end users in a shared service arrangement eliminate the benefits of GOAA's system?

A: As a preliminary matter, GOAA's PBX is inherently incapable of being station partitioned, and a station partitioning requirement would therefore require that we jettison our switch and purchase a new switch. (Macbeth at 23.) Clearly such a requirement would eliminate the economic viability of our system.

Moreover, in my opinion, such a prohibition would virtually eliminate the value of Orlando International Airport's shared telecommunications system and would pose a seriously detrimental effect on the safe and efficient operation of the airport. Incredibly, it was precisely the need of airport tenants and administrative offices to intercommunicate among themselves which Southern Bell recognized as a primary feature (and major selling point) of our shared system. As indicated in Attachment A to my direct testimony, in marketing our shared system, Southern Bell advised us that tenants with "common interests" (such as airport tenants) would be permitted to share a PBX and to intercommunicate between and among themselves behind the shared switch because of the recognized substantial need for such intercommunication. (Macbeth Exhibit 1 at Illustrative Tariff Section A14.39.1.A(2); see Macbeth at 8-9.) Southern

Bell has not -- and cannot -- provide any justification for its current reversal of position.

All of the users of GOAA's shared telecommunications system at Orlando International Airport share a community of interest in conducting the business of an airport and serving the needs of the public using that facility. Because of this affiliated interest, these users have a unique need to communicate with each other, particularly with regard to the airport security system. (Macbeth at 7-8.) Southern Bell's proposal that all calls between and among airport tenants be routed through Southern Bell's Central Office is not only highly inefficient and wasteful of Southern Bell's facilities, it would also be highly detrimental to airport security and emergency response capabilities. (Macbeth at 14-18.) There are numerous reasons why calls through a Central Office may be delayed or blocked. For example, it was widely reported that prior to a Bruce Springsteen concert, calls in the Washington, D.C. calling area were blocked for a substantial period of time as a result of ticket sale calls. (Wash. Post, July 23, 1985, at A-1, Attachment A hereto (Macbeth Exhibit 4).) I submit that to subject airport security and emergency responses to such vicissitudes of traffic volume (or other problems of the type described in my direct testimony) would be irresponsible.

Given Southern Bell's earlier recognition of the unique needs of airport tenants to intercommunicate and the disastrous effect which elimination of intercommunication capability would have on airport security and other operations, Southern Bell's proposal to prohibit intercommunication among tenants is simply unreasonable and incomprehensible. The Commission should firmly reject any proposal to prohibit such intercomming by airport tenants at either existing shared airport PBX arrangements (such as Orlando International Airport) or at airports which may in the future decide to improve their telecommunications system by instituting a shared PBX arrangement.

Q: Why would trunk partitioning eliminate the benefits of your system?

A: As I stated in my direct testimony, trunk partitioning (i.e. the segregation of each user's access lines) would materially increase the processing and port requirements of the switch which needed to furnish service to our users. This would, in turn, add substantially to the overall cost of the PBX and the transition to a partitioned configuration would also entail service disruption for our users. Moreover, because users in a partitioned system may not share access lines, partitioning negates most of the trunking efficiencies and cost savings which our PBX can achieve, thus diminishing substantially the economic viability of our system. This would obviously decrease the economic availability of the important security and safety capabilities our system provides in order to meet the airport's unique and critical needs. (Macbeth at 14-18.)

In addition, the inefficiencies inherent in a partitioned switch create significant operational and maintenance problems in a shared situation. For example, I understand that the software needed to govern a partitioned PBX is more complicated to develop than software used in comparable non-partitioned switches. Moreover, the added processing steps involved to perform the partitioning function may slow call processing; also, the added network-side trunks may result in lower station capacity than that of an otherwise identical unpartitioned switch. Further, the line and trunk port assignments in a partitioned switch must be reconfigured when any participating tenant increases or reduces usage. As my direct testimony explained, this is particularly inefficient and disruptive given the fact that airlines share gate facilities and move among gates. Accordingly, implementation of trunk partitioning in our shared PBX arrangement would effectively deny GOAA and its tenants the multiple benefits of our shared system. (See Macbeth at 22-25.)

Q: Several LEC witnesses have recommended that if the sharing of local trunks is permitted to continue, shared service managers such as GOAA should be regulated by this Commission. What is your view on such regulation?

A: United's witness McCullers testifies that shared service managers should be required to obtain certification like any telephone utility and should be subject to the same rate regulation as public resellers. (McCullers at 9.) General witness Glassburn advocates what seems to be a more streamlined certification requirement and a requirement that shared service providers file a rate schedule at the Commission. (Glassburn at 5, 14-15, 17.) Southern Bell witness Knight similarly argues for a "minimal" certification requirement, but takes no position on whether the Commission should regulate the rates charged by shared service providers. (Knight at 18.) All three witnesses advocate the establishment of service standards for sharing operations, and United's witness suggests that the standards imposed on resellers would be appropriate. (McCullers at 10; Glassburn at 18-20; Knight at 19.)

In my opinion, Commission regulation and oversight of sharing arrangements would serve no useful public purpose and instead simply would generate unwarranted costs and delays in providing telecommunications and information management services to Florida users. As I stated in my direct testimony, I believe that it would be in the best interest of shared service users (and Florida ratepayers and taxpayers generally), if STS were governed by competitive marketplace forces and appropriate tariff conditions permitting the LECs direct access to tenants in STS arrangements. (Macbeth at 9-10, 31-32.)

Public utility regulation is inappropriate for private shared service providers who manage, for a discrete group of tenants, shared local telephone service as well as other telecommunications and information management services. First, providers of shared services (such as GOAA) do not offer their services indiscriminately to the general public. (This is particularly true in an airport situation where the users of the system have a strong community of interest.) Rather, these arrangements are clearly a private undertaking among entities sharing a common property development, much like hotel/motel proprietors, hospital or nursing home operators and others who provide service to a defined and limited group. Second, tenants in GOAA's sharing arrangement are not required to obtain service from GOAA, but may obtain services under alternative arrangements, including direct access to the LEC. (Macbeth at 9-10.) A requirement in LEC tariffs that sharing arrangements permit such direct access would plainly obviate the need for rate and service oversight by the Commission. Under these circumstances, I do not believe that it would be appropriate or productive to regulate shared service providers. (See Macbeth at 31-32.)

Q: Do you believe shared service providers should be required to provide tenants the option of obtaining service directly from the LEC?

A: Yes. As I stated in my direct testimony, tenants at Orlando International Airport have the option of obtaining service directly from Southern Bell. I believe that tenants should continue to have that alternative, and that an LEC tariff requirement to that effect would be appropriate means of guaranteeing that providers do not obstruct a tenant or the LEC from such direct access. All of the LEC witnesses agree with such a requirement. (Knight at 19; McCullers at 8; Glassburn at 5, 18.) However, General witness Glassburn, unlike the other LEC witnesses, takes the position that the shared service manager should provide facilities at no charge to the LEC for such direct access. (Glassburn at 5, 18.) As Southern Bell and United's witnesses acknowledge (Mickle at Attachment p. 3; McCullers at 8), it is only reasonable that where the LEC elects to use the shared service provider's facilities in order to serve tenants directly, the provider should be reasonably compensated for the cost of those facilities just as, for example, the Florida Institute of Technology compensated the LEC for existing cable to be used in its shared PBX arrangement. (Murphy at 4.)

In many cases, the shared service provider, such as GOAA, will have made a substantial investment in the facilities needed to reach individual customers in the shared service area. Simple equity requires that where an LEC uses the shared provider's facilities to serve individual customers (as opposed to the LEC's own facilities), the LEC should compensate the provider for such use. Without reasonable compensation, shared service providers will either have to recover the costs from the other tenants who do choose to utilize their services, or, if this is not possible because of competitive or other factors, the shared service providers will have to absorb the cost. The former results in an unfair cross subsidy from one group of tenants to another and the latter is clearly confiscatory. Moreover, in certain circumstances it may be difficult -- if not impossible -- for the shared service providers to obtain compensation directly from non-participating end users because there will be no contractual relationship between the two parties.

Thus, I believe that the shared service provider should be allowed to recover the applicable costs of such facilities from the LEC. Of course, the LEC could, in turn, recover these costs directly from the directly served subscriber in precisely the same manner as it would if it installed the wiring. It is my understanding that General's affiliates in Texas (General Telephone Company of the Southwest) and California (General Telephone Company of California) have agreed that compensation for STS provider-owned wiring is reasonable.

Q: Several LEC witnesses have testified that the sharing of local telephone service by shared service providers will result in a significant loss in carrier revenues. Do you agree?

A: No. As I testified in my direct testimony, the LECs will not experience a significant loss in carrier revenues as a result of shared tenant services. (Macbeth at 20-21.) LEC claims of adverse financial impact do not withstand scrutiny. (Mickle at 4-5; McCullers at 3; Knight at 6; Glassburn at 3, 7.) It is particularly surprising to me that Southern Bell's witnesses state that the LEC would expect to lose revenue, since that company very actively and aggressively marketed our shared system to GOAA. In the five years since service inception in 1981, the GOAA sharing arrangement has exceeded the LEC revenue forecast Southern Bell had prepared as part of its marketing proposal. In our shared environment, station lines are 20 percent ahead of Southern Bell's forecast, while efficient trunk utilization has enabled the system to remain within the 125 trunk line per year growth planned by Southern Bell. Our sharing arrangement, by accommodating unexpected growth, would appear to increase, rather than decrease, carrier revenues over those projected. For the reasons I indicated in my initial testimony, I believe that shared tenant services will result in no significant loss in carrier revenues for LECs in Florida. (Macbeth at 20-21.)

The availability of shared service arrangements in Florida will result in substantial cost savings for LECs in transmission facilities, administrative duties, and other activities, which should lead, in turn, to a reduction in the LECs' revenue requirements. (See pp. 18-20, infra.) In addition, the LEC witnesses have generally failed to take into account new sources of revenue that will accrue as a result of sharing arrangements. These revenue sources include:

- increased DID charges, including charges for assigning DID numbers;
- additional charges listing tenants with non-dedicated lines in the telephone directory;
- increased monthly trunk rate charges from subscribers who might have otherwise received service under less expensive business line rates (see, for example, Staff witness Hurd's testimony at 4.)
- additional charges for touch tone service; and
- increased call completion probability where message center services are offered by shared service operators.

LEC cost savings in conjunction with the above-referenced increased revenues should eclipse any LEC revenues lost through the more efficient use of trunking occasioned by a PBX.

Q: Have you reviewed LEC projections of revenue loss expected from the sharing of local trunks by STS arrangements?

A: Yes. I have reviewed the testimony of Southern Bell, General and United's witnesses on this issue and, in my view, the LECs have failed to meet their burden of providing an empirical basis for their conclusions of decreased carrier revenues resulting from STS. In addition to the points I raised in the answer to the proceeding question -- failure to account for new revenue opportunities and cost savings -- the LEC testimony makes no attempt to quantify or support its conclusions, even though there are existing shared service arrangements in Florida (proposed and installed by the LECs themselves and, in some cases, predating 1978) which presumably could have been studied and which would either confirm or contradict the LEC conclusions. Without any such empirical information, and given their failure to account for additional revenue and cost savings, the LEC projections of revenue loss must be wholly discounted.

Q: LEC witnesses have also testified that the cost savings associated with STS will be negligible. Do you agree?

A: No. I fundamentally disagree with the position of LEC witnesses that there will be no appreciable cost savings for LECs as a result of STS. (Glassburn at 9-10; Knight at 13-16.) On the basis of GOAA's experience, I believe that the availability of shared service in Florida results in meaningful cost savings for LECs and their ratepayers.

One major area of cost savings is in the more efficient utilization of LEC facilities occasioned by STS arrangements. The demand for telecommunications service in Florida is expected to grow rapidly over the next several years. As a result, Florida LECs must expand their physical plant if they are to keep pace with new demand at current levels of facilities utilization. Some of this capital expenditure can be deferred or avoided, as it was in the case of Orlando International Airport, if sharing arrangements with efficient trunking configurations are permitted to share local trunks. These LEC witnesses also fail to note that further savings in LEC capital expenditures will result from the fact that carriers generally will be freed from the obligation to place inside wiring and related facilities in new buildings served by sharing arrangements. Such reductions in LEC investment requirements will lead, in turn, to reduction in the carrier's revenue requirements and therefore in the rates it will ultimately charge its customers.

Moreover, the LECs generally fail to provide adequate weight to the fact that by dealing with a single sharing arrangement, instead of its constituent customers, the LEC will save administrative costs. Southern Bell has alluded to this when reasoning that the direct billing of the end user at GOAA is only accomplished at great administrative effort and therefore should be discontinued, yet this direct billing and customer contact is what would be involved absent a sharing arrangement. (Mickle at 21, lines 7-10).

Further, as evidenced by our experience at GOAA, LEC repair teams will be required only when the shared service provider ascertains that a service problem is, in fact, attributable to carrier facilities. This arrangement relieves the LEC of major diagnostic and maintenance responsibilities. Further, the shared service provider will have a closer relationship with end-users than generally would be possible for an LEC.

This will enable the shared service provider to deal directly with most customer concerns, thereby relieving the LEC of customer relations responsibilities while contributing to increased customer satisfaction. The fact that the LECs have generally ignored these cost savings in their testimony further lessens the validity of their economic forecasts.

Q: You have indicated that STS may limit the need for the construction of new LEC facilities. LEC witnesses have asserted, however, that unless they are relieved of certain service establishment standards, LECs will need to maintain duplicate facilities to meet their universal service obligations. Do you agree?

A: Not at all. First of all, I am unaware that the problem raised by these witnesses has arisen either in Florida or in numerous other states where sharing has long occurred. (Knight at 13-15; Glassburn at 10; McCullers at 9; see also Hurd at 5.) In my opinion, the LECs should have the burden to show that they will be unable to meet tariffed requirements without maintaining duplicative facilities; a burden which I do not think is likely to be met. If an LEC can demonstrate that such a situation exists in a particular instance (i.e., affidavits showing lack of available transmission facilities), however, a relaxation of the requirements may be justified. If so, the Commission should mandate that LECs must provide service as expeditiously as possible under the circumstances. In no event should the LEC be permitted to delay service beyond ten days absent approval from the Commission. Such minimal service requirements are necessary to prevent LECs from discriminating against buildings where shared service is provided or abandoning their service requirement for these tenants.

Q: General witness Glassburn testified that stranded telephone company investment may result from the sharing of local trunks by shared service arrangements. Would you comment on this concern?

A: I do not believe this concern is valid. (Glassburn at 10.) First, as I explained in my direct testimony, Orlando International Airport's shared telecommunications system was installed in primarily new structures where embedded plant did not previously exist, and our system has expanded beyond the size originally forecasted. Accordingly, there has been no stranding of Southern Bell's forecast investment. (Macbeth at 18-19.) Moreover, even if a shared system were to be installed in existing airport facilities, it would most likely be established in conjunction with airport expansion, which would mean that facilities and plant freed up by a more efficient shared system would be deployed or reconfigured to serve new demand at that facility. Given the pace of new airport construction (and new construction generally) in Florida, such redeployment will certainly be possible for most idled plant. For example, Southern Bell will add a record number of lines to its Florida network this year, some of which might not be needed if existing facilities are used more efficiently. (See, e.g., Attachment B hereto, The Orlando Sentinel, April 25, 1986 at B-1 (Macbeth Exhibit 5).)

I would also like to note that the need to reconfigure telephone plant to other uses does not seem to me to be unique to shared service arrangements. LECs are routinely required to cope with subscriber turnover and change when, for example, subscribers open and close businesses or move to different buildings, buildings are razed and new buildings are constructed, customers with different communications requirements move in and out, buildings stand idle for periods of time or are converted to other uses, or subscribers migrate between individual business lines and key systems, CENTREX services, and dedicated PBXs. Shared service raises network utilization issues no different from the factors listed above, which have been traditionally and successfully factored into LEC network planning.

Q: Certain LEC witnesses have argued that shared service arrangements are more likely to increase the likelihood of bypass of the local exchange network. Do you agree?

A: No. I disagree with the concerns raised by LEC witnesses in this regard. (McCullers at 3, 7; Glassburn at 3, 7.) The LEC witnesses have failed to identify a single STS arrangement in which LEC bypass is occurring. In fact, as LinCom witness Smith pointed out, the availability of shared local trunks will likely tend to discourage bypass. (Smith at 20-21.) Given rising telecommunications costs, many business users are seeking various telecommunications alternatives to reduce their costs. Sharing local trunks represents one such cost-efficient alternative. In a sharing arrangement, users are able to utilize more efficiently exchange carrier trunks and other embedded plant to access the LEC's central office. LECs would continue to collect revenues from these users, who would also be subject to both interstate and intrastate access charges to reimburse the carrier for originating and terminating toll traffic. In the absence of the economies and efficiencies provided by sharing arrangements, business users (such as our airport tenants) might seek alternative means of reducing their telecommunications costs, certain of which may involve abandoning the local network. Accordingly, shared service arrangements may enable small and medium-sized businesses to achieve economic efficiencies while using LEC facilities and without the necessity of bypass.

Q: Certain witnesses have testified that the current PBX flat rate is not appropriate for shared service arrangements and that a usage sensitive rate is required. Do you agree?

A: No. I fundamentally disagree with the position of the LEC witnesses that a special usage sensitive rate should be imposed on STS customers. (Knight at 10; McCullers at 7; Glassburn at 6, 21; see also Hurd at 7-13.) The rate for shared PBXs, whether flat rate or usage sensitive, should be that rate which is charged to other PBX users. United witness McCullers apparently recognizes that there is no basis for any such distinction in rates between shared and non-shared PBX customers when he states that "the PBX trunk and usage rates proposed for STS providers [should] also be applied to other PBX users." (McCullers at 10, lines 8-

10.) And, both Southern Bell witness Mickle and Staff witness Hurd recognize that the same rates should eventually apply to some or all other PBX customers. (Mickle at 25; Hurd at 13.)

As I stated in my direct testimony, shared PBXs are technically and functionally no different from privately owned and operated PBXs. (Macbeth at 28-30.) General witness Glassburn quite correctly recognizes that LEC's experience the same costs in serving either type of similarly-sized PBX arrangements, and the other LEC witnesses have not provided any evidence to the contrary. (Glassburn at 22.) Even if Southern Bell witness Knight is correct that network switching costs are lower for smaller PBX's than larger PBX's, this argument fails to distinguish shared from non-shared PBX costs, since similarly sized non-shared PBX's will impose the same network switching costs as shared PBX's. (Knight at 13; <u>see</u> Glassburn at 22.)

Moreover, Mr. Knight's argument that, unlike individual PBX's, shared service displaces other business service providing subsidies is equally infirm. (Knight at 13.) When a single business user migrates from a key system or CENTREX type of service to a PBX configuration, the same displacement of business line service occurs as would occur with the implementation of a shared PBX arrangement. Accordingly, shared service arrangements should be treated no differently than other PBX users, or at least PBX users of comparable size. And, if an LEC believes that its current PBX rate is not appropriate, it should submit cost or other data to the Commission and initiate a tariff revision of the PBX trunk rate under appropriate Commission procedures. For LECs to devise a special PBX rate solely for STS arrangements, based on questionable revenue loss projections, unjustly discriminates against one class of telecommunications users. This unreasonably discriminatory treatment must be disallowed by the Commission, particularly where the LECs acknowledge that the same rate should "ultimately" be applied to other PBX users.

Q: Do you have any concerns about the geographic limitations proposed by the various LEC witnesses?

A: As I stated in my direct testimony, I believe that airports, as a unique type of governmental entity, should be permitted to share telecommunications equipment and facilities throughout their airport campuses, regardless of whether that campus encompasses multiple buildings or crosses rights-of-way. (Macbeth at 26-27.) Therefore, in my opinion, airports should be exempted from any of the geographic restrictions which may be imposed on non-governmental sharing arrangements, such as those proposed by the LEC testimony. (Glassburn at 44; McCullers at 4; Mickle at 8-9.)

Accordingly, and given the express legislative exclusion of governmental entities in Section 364.339, F.S., the provision in Southern Bell's proposed tariff limiting sharing arrangements to a "single building under the control of a single owner or ownership unit" should be modified to expressly exempt airport sharing arrangements and other governmental arrangements. (Mickle at Attachment p.3, Section A23.1.2(A).) (I would like to note also that the proposed tariff language conflicts with Ms. Mickle's testimony. Whereas the tariff talks about a "single owner or <u>ownership</u> unit", Ms. Mickle's testimony speaks in terms of a "single owner or <u>management</u> unit". <u>Compare</u> Mickle at 8, line 11 <u>with</u> Mickle at Attachment p. 3, Section A23.1.2(A), emphasis added.)

Q: Do you have any concerns about Southern Bell's other tariff restrictions as identified in Southern Bell witness Mickle's testimony?

A: Yes. Southern Bell provides no justification whatsoever for the arbitrary selection of a 500 trunk limit for sharing arrangements. A trunk limitation is inherently arbitrary, as witnessed by the fact that Southern Bell itself has agreed to a 950 limit in Georgia. South Central Bell, Southern Bell's sister company, does not impose any trunk limit at all. Only two states in the country have adopted a trunk limitation -- Georgia and South Carolina -- and in my opinion the adoption of any arbitrary limit in Florida is both unnecessary and unreasonable.

Similarly, Southern Bell provides no reasonable justification for its proposed reseller client charge since it would appear from Ms. Mickle's testimony that the only service provided for this charge is a directory listing. (Mickle at 11.) Shared PBX users are entitled to the same rate structure as other PBX users, and additional directory listing charges applied to other business users are equally appropriate for users in a shared service arrangement. As I stated in my direct testimony, there is no cost or value of service basis to impose any greater charges on shared PBX customers than those applied to similarly-sized individual PBX customers. (Macbeth at 28-29; <u>see also</u> Macbeth Direct Attachment C, (Macbeth Exhibit 3).) Accordingly, there is no basis for any "client" charge beyond the tariffed rate for an additional listing.

Q: Does this conclude your rebuttal testimony?

A: Yes.

EXHIBIT 3

Verizon Cable Cuts Article

WARREN COMMUNICATIONS NEWS Telecom & Media Intelligence www.warren-news.com

State Telephone Regulation REPORT

MAY 20, 2005 VOL. 23, NO. 10

In This Issue

Verizon-MCI Merger Makes Headway in States as Opponents Fight Deal at FCC

Seven states have cleared the proposed Verizon/MCI merger, but the companies still await word from 17 others. Meanwhile, state consumer advocates and other merger opponents urged the FCC last week to reject the deal or impose strict conditions. The companies have filed notices of their transaction in a dozen additional states. So far, regulators in Del., Ga., Md, Mo., Neb., Nev. and N.C. have approved the deal or disclaimed jurisdiction. Petitions for approval are pending in Alaska, Ariz., Cal., Colo., D.C., Hawaii, La., Me., Minn., Miss., N.J., N.Y., Ohio, Pa., Vt., Va., W.Va. and Wyo. Notices of the deal have been filed in Conn., Mass., Mich., Mont., N.H., N.D., Okla., R.I., S.D., Tenn. and Utah. Most "notice" states are expected to disclaim jurisdiction or not act.

The Ohio PUC suspended for investigation the Verizon-MCI petition for merger approval. The petition would have been deemed approved had the PUC not acted by May 16. This resembles the PUC's handling of the SBC-AT&T merger, also under investigation. The PUC opened Case 05-497-TP-ACO for consideration of the Verizon-MCI deal and said its next step will be to identify major issues to be examined during review. The Va. Corporation Commission set a June 17 deadline for comments on the proposed Verizon-MCI merger and for petitions requesting full hearings. The commission staff is to file recommendations in Case PUC- 2005-00051 by July 22. The commission said it will decide by Aug. 18 whether to approve the merger or hold more proceedings. Elsewhere, Verizon in Me. refiled its merger approval application May 9 after its initial April petition was dismissed without prejudice on a technical point.

The Mo. PSC voted 3-2 to disclaim jurisdiction over the Verizon-MCI merger, citing the grounds given 2 weeks earlier when it declined to review the proposed SBC-AT&T merger. The PSC denied a request for merger review by the state Office of Public Counsel, saying it doesn't have jurisdiction over mergers at the holding company level. The PSC said any

Verizon has obtained 6 franchises, but it needs at least 10,000 to serve its entire market area, said Peter Davidson, Verizon senior vp-regulatory affairs. "If we got one a day, which is not at all what we've been able to do, it would take close to 40 years," he said. In the Philadelphia area alone, he said, about 250 individual franchises would have to be negotiated. Verizon has opted to pursue the franchises because "if there's debate on this, we want to be on the conservative side," Davidson said. Verizon's service is planned to deliver video over its fiber-to-the-premises network. "We think the law should be changed," Davidson said.

SBC agrees. Both companies want new regulations that would apply to new market entrants. NATOA suggested the telcos may be overestimating the work involved getting franchises. "Maybe it's a lack of information," said NATOA Exec. Dir. Libby Beaty. "We have offered to work on streamlining the process. Nobody's looking to make this more difficult than it needs to be." She said municipalities welcome competitors to cable. When cable companies decided to launch telephony, they applied for and received certificates beforehand, said Time Warner Vp Stephen Teplitz. "It wasn't a barrier to entry. We got what the existing law required. I don't know what takes so long to get cable franchises," Teplitz said.

He suggested the real issue might be the build-out requirements that local municipalities could impose on new incumbents: "Public officials want competition to reach all consumers, not just high-value customers." Beaty questioned the wisdom of pursuing video service without a franchise agreement. "Regardless of what any company would like to have in the future, the law today as I read it does obligate them to have a franchise," she said. Olson acknowledged it was likely "we're going to have litigation" on the matter, but added: "I think we're going to have more people welcoming our service than taking us to court on franchise grounds." Davidson agreed: "What's going to drive this is consumers. Consumers want choice. They don't want cable prices rising at 3 times" the inflation rate.

FCC Seeks Comments on Pleas to Preempt States on Telemarketing

The FCC reopened public comment on 6 petitions seeking preemption of state telemarketing laws. The Commission wants information on recent developments, including petitions and several state bills that would apply to interstate telemarketing calls. At the same time, the FCC's Consumer & Governmental Affairs Bureau asked for comments on 2 petitions that raise questions of FCC jurisdiction and preemption authority under the Telephone Consumer Protection Act (TCPA). In one of the new petitions, 33 organizations asked the FCC to rule that it has exclusive regulatory jurisdiction over interstate telemarketing calls, thereby barring state regulation. The other, by a Cal. resident, asks the FCC to declare that the federal TCPA doesn't preempt provisions of the Cal. Consumer Legal Remedies Act applying to interstate telephone calls. All comments will be due 30 days after the public notices (all in CG Doc. 02-278) appear in the Federal Register.

Verizon Loses Cal., Fla. Cables

Cable cuts hit Verizon on both coasts May 11, both times knocking out service to several thousand customers when construction workers severed fiber phone cables. Contractors in Sarasota, Fla., killed service to over 3,000 Verizon customers by slicing a cable as they excavated for condominium foundations. On the opposite coast, several thousand Verizon customers in the Morongo Basin area, including a major Marine Corps training base in Twentynine Palms, Cal., lost phone service most of the day when a contractor repairing underground electrical conduits mistakenly cut a phone cable. Five towns were affected. In both cases, service was restored within 24 hours.

EXHIBIT 4

Affidavit of Pedro Garcia

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No.: 050257

In re: Complaint by BellSouth)
Telecommunications, Inc. Regarding)
The Operation of a Telecommunications)
Company by Miami-Dade County in)
Violation of Florida Statutes and)
Commission Rules)
)

MIAMI-DADE COUNTY'S NOTICE OF FILING AFFIDAVIT OF PEDRO J. GARCIA

Miami-Dade County (the "County"), by and through its undersigned counsel, pursuant to Fla.R.Civ.P. 1.510(C), gives notice of filing the affidavit of Pedro J. Garcia. This affidavit is in support of its Motion to Dismiss filed in response to the Complaint by BellSouth Telecommunications, Inc. ("BellSouth").

Respectfully submitted,

ROBERT A. GINSBURG
Miami-Dade County Attorney
Aviation Division
P.O. Box 592075 AMF
Miami, Florida 33159-2075
(305) 876-7040 / FAX (305) 876-7294
Tel: (305) 375-5151
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By: ______________________
David Stephen Hope
Assistant County Attorney
Florida Bar No. 87718

AFFIDAVIT OF PEDRO J. GARCIA

STATE OF)
)SS
COUNTY OF)

BEFORE ME, the undersigned authority, personally appeared **PEDRO J. GARCIA**, who after being duly sworn, deposes and says:

1. My name is Pedro J. Garcia. I am the Chief of Telecommunications, Information Services and Telecommunications Division ("IST") for the Miami-Dade County Aviation Department ("MDAD"). MDAD is responsible for the management and operation of the Miami-Dade County (the "County") airport system, which includes Miami International Airport ("MIA"). My primary responsibilities are to supervise: (i) the provision of telecommunication services by BellSouth, or comparable entities to MDAD; (ii) the leasing of equipment and facilities to MIA tenants; (iii) the provision of network connectivity and data network services to MDAD personnel and MIA tenants; and (iv) the provision of shared tenant services ("STS") to MIA tenants. I have held this position for four (4) years and have worked for the County in various telecommunications related positions for fifteen (15) years.

2. IST provides continuous, timely, and cost effective information technology and telecommunications services to MDAD and the airport system's diverse user base. IST supports approximately 2700 users which includes MDAD personnel, tenants, consultants, and management companies located at the MIA airport campus.

3. With respect to MDAD's provision of telecommunications services, the County owns and operates through MDAD two (2) PBX switches (the "Airport System"), one of which has been partitioned to provide service to the MIA Airport Hotel (the "Hotel System"). In 1982, the County leased the switches with associated telephone handsets, cables, software, and equipment from Centel Communications Company ("Centel"), and Centel managed both

telecommunications systems on a contract basis. The County purchased the Hotel System on October 7, 1987, and the Airport System on February 5, 2002. The Hotel System is served on a fully partitioned basis, and is not part of the shared Airport System. The trunks used to provide the MIA Airport Hotel with telephone service are a separate trunk group, and not shared with other MIA tenants. MDAD leases the trunks which serve the Hotel System from AT&T, and the trunks which serve the Airport System from BellSouth. There is no ability to intercommunicate between guest rooms at the MIA Airport Hotel and other MIA tenants "behind" the switch, without accessing the local exchange company ("LEC") central office. BellSouth provides MDAD and the MIA tenants on the Airport System, with dial tone for local service for the Airport System. MDAD pays BellSouth over $630,000 annually for local service, trunks, and other equipment, services, and access necessary for MDAD to provide the Airport System.

4. MIA tenants on the shared Airport System lease equipment, cable facilities, and fiber optics from MDAD for network connectivity within MIA. The leased equipment allows MIA tenants to connect with: (i) MIA tenants on the Airport System, MDAD, FAA, TSA, INS, Customs, MIA police, fire rescue, security, or other emergency personnel by dialing a four (4) digit number; and (ii) BellSouth facilities, which connects to the public network, for local service by dialing an eleven (11) digit number (9 + area code + telephone number).

5. MIA tenants may purchase telephone services, systems, and equipment directly from BellSouth or any competitive local exchange company, for any telecommunications service, including local service. When an MIA tenant does not use the MIA shared tenant services ("STS") system, that tenant is not able to connect with MIA tenants on the Airport System, MDAD, MIA police, fire rescue, security, or other emergency personnel by dialing a four (4) digit number. In order to call to these airport emergency services, a tenant not on the STS

system would need to dial the telephone number and would be connected through BellSouth's local exchange network.

6. MDAD operates the shared Airport System to maximize the safety and security of the traveling public. Because the shared system allows emergency and security personnel to immediately identify the originating entity and telephone extension of any call made on the Airport System, MIA is better equipped to address emergencies and other dangerous situations. Any MIA tenant which is not part of the shared Airport System does not have the ability to reach MDAD, MIA police, fire rescue, security, or other emergency personnel on a four (4) digit basis in emergency situations. In addition, telephone calls placed over the Airport System are not subject to cable cuts and switch overloads that might occur on a public switched network.

FURTHER AFFIANT SAYETH NAUGHT.

Pedro J. Garcia

Sworn to and subscribed before me at Miami, Miami-Dade County, Florida this 27th day of May, 2005, by Pedro J. Garcia

✓ Who is personally known to me

_____ Who produced identification: ____________________
Type of identification

Signature of Notary Public
State of Florida at Large

Elena Jovanov
Print, type or stamp name of notary public

My Commission Expires:

Elena L Jovanov
My Commission DD195963
Expires March 23, 2007

EXHIBIT 5

Affidavit of Mark Forare

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

Docket No.: 050257

In re: Complaint by BellSouth)
Telecommunications, Inc. Regarding)
The Operation of a Telecommunications)
Company by Miami-Dade County in)
Violation of Florida Statutes and)
Commission Rules)

MIAMI-DADE COUNTY'S NOTICE OF FILING AFFIDAVIT OF MARK FORARE

Miami-Dade County (the "County"), by and through its undersigned counsel, pursuant to Fla.R.Civ.P. 1.510(C), gives notice of filing the affidavit of Mark Forare. This affidavit is in support of its Motion to Dismiss filed in response to the Complaint by BellSouth Telecommunications, Inc. ("BellSouth").

Respectfully submitted,

ROBERT A. GINSBURG
Miami-Dade County Attorney
Aviation Division
P.O. Box 592075 AMF
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Tel: (305) 375-5151
Fax: (305) 375-5634

By: David Stephen Hope
David Stephen Hope
Assistant County Attorney
Florida Bar No. 87718

AFFIDAVIT OF MARK FORARE

STATE OF)
)SS
COUNTY OF)

BEFORE ME, the undersigned authority, personally appeared **MARK FORARE**, who after being duly sworn, deposes and says:

1. My name is Mark Forare. I am the Assistant Aviation Director of Security for the Miami-Dade County Aviation Department ("MDAD"). MDAD is responsible for the management and operation of the Miami-Dade County (the "County") airport system, which includes Miami International Airport ("MIA"). My primary responsibilities are to direct and manage the Police and Security Divisions of MDAD which includes local law enforcement, facility access control, security, regulatory compliance, and identification. I am a Lieutenant with the Miami-Dade Police Department ("MDPD") and have held this Assistant Director position for three (3) years, and have worked for MDPD in various positions for twenty-six (26) years.

2. MIA has its own fire and rescue, police and emergency personnel and systems. These emergency and security services are all connected to and integrated in the shared airport system. The MIA operations center, fire department, and police department can receive "caller ID" information from telephones on the shared airport system. This enables airport emergency and security personnel to identify the originating entity and extension of the telephone making the call. This allows emergency and security personnel to rapidly respond to any emergency in MIA.

3. All MIA concessionaires, vendors and tenants are required to make immediate notification of unattended bags and suspicious incidents/persons via telephone to the MIA operations center, and actively participate in the evacuation plan or bomb threat search if invoked.

These notifications and participation require access to the MIA shared tenant services ("STS") telecommunications network. The current notification network is a telephone tree using this STS system. MDAD analyzes and compiles statistics on the number of notifications made for evacuation and bomb threat alerts assessment.

4. MDAD operates the STS system to maximize the safety and security of the traveling public. Because the shared system allows emergency and security personnel to immediately identify the originating entity and the telephone extension, the airport is better equipped to address emergencies and other dangerous situations. MIA concessionaires on the STS system, like newsstands, food and beverage establishments, and drug stores, are connected to the system for these reasons. MIA personnel are not able to predict where an emergency situation might arise and must be able to address situations that threaten the safety and security of passengers or aviation personnel, whether they occur at an airline reservation desk or at the shoe shine

stand. In this era of heightened security and concerns over airport safety, MIA emergency and security personnel must have the ability to rapidly respond to threats wherever they occur.

FURTHER AFFIANT SAYETH NAUGHT.

Mark Forare
Mark Forare

Sworn to and subscribed before me at Miami, Miami-Dade County, Florida this 27th day of May, 2005, by Mark Forare

✓ Who is personally known to me

_____ Who produced identification: ________________
Type of identification

Elena Jovanov
Signature of Notary Public
State of Florida at Large

Elena Jovanov
Print, type or stamp name of notary public

My Commission Expires: Elena L Jovanov My Commission DD196963 Expires March 23, 2007