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ATTACHMENT "B"

Two edited copies of the document with the confidential information deleted.

DOCUMENT NUMBER-DATE

01568 FEB-98

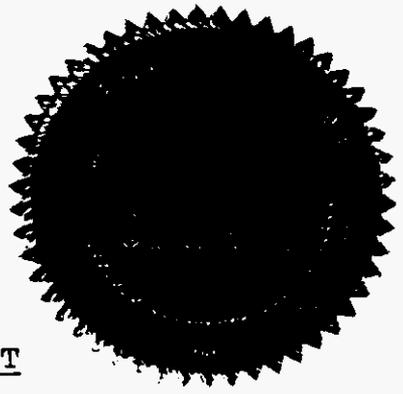
ITSD-REGISTRATION/REPORTING

J. Hendrix  
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W. white

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Comprehensive Review of )  
the Revenue Requirements and Rate )  
Stabilization Plan of Southern )  
Bell Telephone and Telegraph )  
Company )

DOCKET NO. 920260-TL



CONFIDENTIAL TRANSCRIPT

DEPOSITION OF: ANTHONY M. LOMBARDO  
TAKEN AT THE INSTANCE OF: The Commission Staff  
DATE: Tuesday, January 12, 1993  
TIME: Commenced at 1:30 p.m.  
Concluded at 8:00 p.m.  
PLACE: 150 South Monroe Street  
Tallahassee, Florida  
REPORTED BY: JANE FAUROT  
Notary Public in and for the  
State of Florida at Large

ACCURATE STENOGRAPHY REPORTERS, INC.  
100 SALEM COURT  
TALLAHASSEE, FLORIDA 32301  
(904) 878-2221

DOCUMENT NUMBER-DATE  
01560 FEB-93  
PROBATION REPORTING

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I N D E X

WITNESS

PAGE

~

Direct Examination by ~  
Cross Examination by ~

EXHIBITS

~

CERTIFICATE OF REPORTER

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P R O C E E D I N G S

1 MS. KAUFMAN: We have just had an off-the-record  
2 discussion. I'm going to be asking Mr. Lombardo about  
3 some documents that Southern Bell alleges are  
4 confidential and which FIXCA has signed a proprietary  
5 agreement not to reveal their contents. We have agreed  
6 that the persons that are in the room now may remain.  
7 To the extent I can, I will try to stay away from the  
8 numbers. If I can't, I will let Mr. Anthony know about  
9 that and he can do whatever is appropriate.

10 MR. ANTHONY: In addition, Southern Bell, if there  
11 is any questions that relates to what Southern Bell  
12 believes to be confidential information, within ten  
13 days after receipt of the transcript we will be filing  
14 for specified confidential treatment for any portion we  
15 believe to be confidential. And that the transcript,  
16 itself, would remain sealed until the time that that  
17 motion is filed.

18 MS. KAUFMAN: This portion of the transcript,  
19 only?

20 MR. ANTHONY: Only that portion, yes.

21 MS. KAUFMAN: Hank, I would also intend to attach  
22 these exhibits, and they will also remain sealed until  
23 you make your decision one way or the other.

24 (Off the record briefly).

25 MS. KAUFMAN: We have also just agreed that at the

1 conclusion of the deposition, it will probably be  
2 tomorrow, I will provide the court reporter with copies  
3 of the confidential exhibits, and I will also provide  
4 one copy to Mr. Anthony.

5 MR. ANTHONY: That's fine.

6 CONTINUED CROSS EXAMINATION

7 BY MS. KAUFMAN:

8 Q Mr. Lombardo, in response to FIXCA's third request  
9 for production we asked for documents related to 1+  
10 interLATA presubscription, and we received a fairly thick  
11 stack of documents that were stamped FO1CO1Z00360 through  
12 00418, just for the record. I'm just going to refer to  
13 these documents as the just for ease of  
14 us talking back and forth, though there are other documents  
15 in here. I am going to show you the first set?

16 A Uh-huh.

17 Q And this was not the first set in the sequence,  
18 but this is the first set I want to ask you about, and it is  
19 360 through 366.

20 (Deposition Exhibit Number 13 marked for  
21 identification.)

22 BY MS. KAUFMAN:

23 Q Before we talk about these documents, it's my  
24 understanding that you have been produced as a witness that  
25 can discuss and explain these documents, is that your

1 understanding?

2 A I think I can explain the generalities of them.  
3 If you're going to ask me detail about how the numbers were  
4 put together, no, I can't explain that.

5 Q Who would be the witness that could explain that?

6 A I don't know. I'm not sure where it all came  
7 from, to tell you the truth.

8 Q Have you had any discussions --

9 A I guess you would have to go back to whoever  
10 provided the response to the interrogatory.

11 Q Well, have you had any discussions with Mr. White,  
12 who is also a Southern Bell attorney working on this case in  
13 regard to these documents?

14 A In regard to these documents.

15 Q Yes, sir.

16 A No.

17 Q Mr. White did not tell you that you had been  
18 proffered as the witness to discuss these documents?

19 MR. ANTHONY: Mr. Lombardo, can discuss, as he  
20 said, the general concept that are embodied in these  
21 documents, and what the documents represent, which is  
22 what I understood the deposition to concern. But, he  
23 was never offered as the witness who could explain how  
24 a particular number was derived, specifically, and how  
25 it was calculated, at least not by me, I don't know

1 about Mr. White.

2 MS. KAUFMAN: Let's see how far we can get, and we  
3 will cross that bridge when we come to it.

4 BY MS. KAUFMAN:

5 Q The document that we have just labeled Exhibit  
6 Number 13 at the top is headed  
7 Can you tell me who prepared this document?

8 A I believe it came out of -- it's probably a  
9 combination of myself, and I think Linda Cheatham from our  
10 headquarters staff. I would have provided, again, the  
11 words. She provided the numbers.

12 Q What was the lady's name?

13 A Linda Cheatham.

14 Q And is she part of the Florida operation?

15 A No, no, she is a headquarters staff person. Well,  
16 she has recently moved. She was the headquarters staff  
17 person, but she was the supervisor -- the operations manager  
18 responsible at the time this document was put together.  
19 Now, as I said, there is no new person there now. I don't  
20 know who it is.

21 Q But it is Ms. Cheatham that worked on these  
22 documents?

23 A Uh-huh.

24 Q For what purpose were these documents prepared?

25 A

1

2 Q What was the time frame during which these  
3 documents were prepared?

4 A I want to say late '91, or early '92. Probably  
5 early '92 is a better date. Very early '92.

6 Q Excuse me?

7 A Very early '92.

8 Q January '92, around then?

9 A I would think so. I can verify it, but I think  
10 that is about the right time frame.

11 Q Who were these distributed to?

12 A

13 let me stop. This particular document was not distributed  
14 to anybody.

15 Q The one that we are looking at right now?

16 A The one we are looking at. Now, there were  
17 similar documents that didn't include numbers and didn't  
18 include these specific parameters that were distributed to

19

20

21 Q So these documents were simply worked on or  
22 circulated among Southern Bell?

23 A Yes. These were kind of my requests and said, you  
24 know, here is a

25

In other words, it was me

1 trying to get some idea of what the numbers were and how  
2 these things priced out that various people were asking  
3 about.

4 Q And the prices that were provided to you from your  
5 various sources, is it your belief this they were accurate  
6 at the time they were provided?

7 A My guess is it was more order of magnitude,  
8 because it was done on some very quick, get me this  
9 information right away, it doesn't have to be specific, get  
10 to me in good order of magnitude numbers. So from that  
11 perspective, yes, I will say it's fairly good, but my guess  
12 is it not hearing quality stuff.

13 Q And do I understand you that there was never a  
14 on the basis of any of these  
15 documents?

16 A On the basis of these documents, no.

17 Q Okay. Looking specifically at the one that begins  
18 on Page 360, what does the heading mean,

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20 A Just that. Again, I was looking at a variety of  
21 you get -- let me try to explain the process.

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Q Let me see if I understand how this document is laid out.

A Some yes; some no.

But, yes, that is kind of -- in a general base you can say it that way.

Q And then on the right side, the column that's headed

1 A Yes.

2 Q For example, the first entry there,

3

4 A

5 Q and then you  
6 have a revenue loss number, is that correct?

7 A Right.

8 Q The third entry, what  
9 is the

10 A

11 Q And then further down you have further

12

13 A

14 Q And that number is also a revenue loss number?

15 A Right.

16 Q Now, under this set of circumstance that are on  
17 this first page, if you look further down there is a number  
18 there that indicates what you believe the  
19 will be, and what the will  
20 be, is that right?

21 A Uh-huh.

22 Q And the difference between those numbers appears

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24 A That's correct.

25 Q

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A Yes.

Q Can you tell me what those are?

A I've got to remember, I'm trying to remember.

Q It might help you to look further back in the document. It didn't help me, but it might help you.

A I don't recall. There was so many

I don't recall what those differences were. I apologize, but I just don't remember.

Q Have you looked through the remainder of this document which goes to Page 366?

A Uh-huh.

Q It doesn't say anywhere in there, does it, what these were?

A Huh-uh.

Q Can we have a late-filed exhibit that will tell us what that was?

A If they still exist.

MS. KAUFMAN: And that would describe on Page 360.

(Late-Filed Exhibit 14 marked for identification.)

BY MS. KAUFMAN:

Q Now, below the net revenue line you show different costs for Without knowing what the are, would you know why there are cost differences

1 there?

2 A No. Obviously that is the difference in the  
3 is the cost. Just off the top of my head I don't  
4 recall it. I hadn't seen this document until today. My  
5 memory is not fresh.

6 Q Keep going down, the second line from the bottom  
7 says adjustments to reflect effects on the  
8 Do you see that?

9 A Uh-huh.

10 Q Do you know what that line means?

11 A Linda would have to answer that. I'm sure it's  
12 fashioned against whether

13 And I don't know the answer  
14 to that.

15 Q Then is the very last line on the page intended to  
16 reflect those adjustments?

17 A I don't know.

18 MS. KAUFMAN: Can you include that information in  
19 Number 14, Late-filed 14, please?

20 MR. ANTHONY: To the extent it's available.

21 BY MS. KAUFMAN:

22 Q Let's go back up to the top of the document, the  
23 second entry, it says Southern Bell  
24 under this particular scenario?

25 A Right.

1 Q That means everywhere?

2 A That is what it means.

3 Q If you turn to the next page, which is 00361, what  
4 relationship, if any, does this page have to the page that  
5 we just discussed?

6 A It's 1994.

7 Q And I see at the top it says to

8

9 A Yes.

10

11

12

13 Q

14

15

16 A Exactly.

17 Q And the layout of this document is the same as  
18 what we have discussed for the prior page?

19 A Uh-huh.

20 Q Now, if you look at the third -- let me ask you  
21 this. The numbers that appear both on the prior page and on  
22 this page that show revenue decreases in parentheses, is  
23 that correct? For example,

24

25 A Yes, that's correct.



1 trying to do this if I can, if you look at the revenue  
2 impact on the left-hand side, and I added those numbers up  
3 and you can add them as well, you don't get, or I don't get  
4 the total revenue increase number that's shown about  
5 three-quarters of the way down. Can you tell me why that  
6 is?

7 A Not unless it's a carryover from '93, and I don't  
8 know the answer to that.

9 Q Who would know the answer to that?

10 A Linda.

11 MS. KAUFMAN: Can we get a late-filed exhibit on  
12 that? 15.

13 MR. ANTHONY: Late-filed on what?

14 MS. KAUFMAN: What I'm trying to do is reconcile  
15 the number where it's the number total revenue increase  
16 on 361, with the revenue numbers that are provided on  
17 the page. And they don't add up. And I think Mr.  
18 Lombardo is suggesting that perhaps it was some  
19 carryover from 1993 that would make up the difference.

20 (Late-filed Exhibit Number 15 marked for  
21 identification.)

22 BY MS. KAUFMAN:

23 Q If you look on the right side of the document, the  
24 column that I guess is called others on the first page,  
25 there is a fairly large blank space between the first two

1 entries?

2 A Uh-huh.

3 Q Was something blanked out from there to your  
4 knowledge?

5 A Uh-huh.

6 Q Excuse me?

7 A Yes.

8 Q Can you tell us what that was?

9 A Beats me. Again, I'm not trying to be cute, but  
10 what I had, I developed the format, and I wanted various  
11 as I have mentioned earlier. So what I would do  
12 is I said, "Linda, give me this without this," I  
13 would just blank it out.

14 Q But for the purposes of the 1994 on this  
15 page, this is all the factors that you considered?

16 A On this that's correct. I may have had  
17 a different 1994 that included that factor.

18 Q I understand.

19 A And I have no idea what it was.

20 Q If you continue down the right side of the same  
21 page, the very last entry says

22 can you tell me what that entry means?

23 A I don't recall.

24 Q Is that something that Ms. Cheatham might know?

25 A Doubtful; I put it there.

1 Q If you turn to the next page, which is the next --

2 A Let me take a shot at that. I think I know what  
3 it means now. What we were basically saying is if we  
4 deregulate a service, that whatever -- that's what it means

5

6

We would

7

8 Q Okay. The next, let's see, 362 through 365 are  
9 blank in my packet as it was provided to me. Do you know  
10 whether the Company whited out these pages before the  
11 documents were provided?

12 A I assume because this case takes us --

13 MR. ANTHONY: I think I can answer that. It was  
14 whited out consistent with everything else we have done  
15 in the case, and anything beyond 1994 as being  
16 irrelevant to the case.

17 MS. KAUFMAN: And is that still your position?

18 MR. ANTHONY: Yes.

19 BY MS. KAUFMAN:

20 Q Can I take it, Mr. Lombardo, that these pages that  
21 were not provided to us show what would happen in '95 and  
22 '96

23 A Sure.

24 Q Turn to the last page of that it's Page  
25 366. It's labeled

1 What relationship does this have to the pages that we have  
2 just been looking at? We looked at

3

4

5 A It's just a statement that says that

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9 Q If you look on the left side, the second entry, it  
10 says What does that mean?

11 A If I recall right, this was, again,

12

13

14

15 Q I guess I don't understand that in relationship to  
16 what is written there,

17 A No, I think what it's saying is that we would

18

19

20 Q Oh, you're referring to the dollar amount that  
21 appears above that?

22 A Right. In other words, the three asterisks refer  
23 to the top line.

24 Q I see. What does the next entry,  
25 mean?



1 identification.)

2 MS. KAUFMAN: Mr. Lombardo, I've just given you  
3 the next and it is stamped F01C01Z00367 through  
4 375. And I guess that would be Exhibit Number 17,  
5 right?

6 THE WITNESS: Uh-huh.

7 (Exhibit Number 17 marked for identification.)

8 BY MS. KAUFMAN:

9 Q Now, the format of this one, would I be correct in  
10 assuming is similar to the one we just discussed?

11 A Uh-huh.

12 Q What relationship does this or Exhibit  
13 Number 17, have to the we  
14 discussed, if any?

15 A Only that this is of what I  
16 asked for.

17 Q So this is a different set of facts?

18 A Uh-huh.

19 Q On the left side here you have a reference to the  
20 and a dollar revenue loss number there, that number  
21 differs from the revenue loss on the that we  
22 looked at?

23 A Uh-huh.

24 Q Why would that be?

25 A I have no idea.

1 Q Who would know that?

2 A Linda.

3 MS. KAUFMAN: I would ask Linda why the number  
4 that appears on Page 367 for the revenue loss is  
5 different from the number on Page 360, and that would  
6 be Late-filed 18.

7 (Late-filed Exhibit Number 18 marked for  
8 identification.)

9 BY MS. KAUFMAN:

10 Q Now, if you look on the right side you have an  
11 entry there, and  
12 then you say see Attachment 1, which I believe is the  
13 following Page 368, is that correct?

14 A Uh-huh.

15 Q And the number that is represented there also  
16 appears on Page 368 under 1993. Can you tell me how that  
17 number was calculated?

18 A No.

19 MS. KAUFMAN: Let's go off the record for a  
20 minute.

21 (Off the record.)

22 BY MS. KAUFMAN:

23 Q Okay. We were looking at Page 367, in the  
24 right-hand column there is a number calculated there  
25 represented to be Southern Bell's revenue loss at the

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A That's right.

Q And I believe we have agreed, or I believe I asked you if you could tell me how that number was calculated and you said no, is that correct?

A Uh-huh.

Q It's correct that you cannot tell me how it was calculated?

A It is correct that I cannot tell you. All I can tell you is that that was

(Off the record.)

BY MS. KAUFMAN:

Q On Page 367 there is a number there for  
and you have said  
you cannot tell me how that number was calculated?

A No.

MS. KAUFMAN: And I would like you to provide me with Late-filed Exhibit 19 that will explain that, and will also explain the number that appears on the next entry,

(Late-filed Exhibit Number 19 marked for identification.)

BY MS. KAUFMAN:

Q Now, you would agree with me, would you not, that

1 those two numbers are different?

2 A Yes.

3 Q Do you know why they are different?

4 A No.

5 Q Do you know if one of the numbers represents  
6 and the other represents some lesser  
7 loss?

8 A I'm sure that's what it represents, but I don't  
9 know. The answer to your question is I don't know.

10 MS. KAUFMAN: If you would include an explanation  
11 of the difference between those numbers in Late-filed  
12 Exhibit 19.

13 BY MS. KAUFMAN:

14 Q Now, one thing that confused me is that this at  
15 the very top is labeled 1993 figures, but the entries we  
16 have just been talking about relate to 1995. You're not  
17 going to have a loss in 1993 if you in 1995,  
18 are you, or am I misreading this?

19 A I don't know the answer to that question. My  
20 guess is in that particular question, Linda doesn't know the  
21 answer. It's no doubt has something to do with I wanted  
22 some idea of something, and I asked her to give me a run on  
23 it, and I don't remember what it was. I have no idea.

24 Q So you don't know whether the numbers represented  
25 there are your loss in '95 or in '93?

1           A       No, they are probably the loss in '95, but I don't  
2 know that. You are going to have to ask Linda, but my guess  
3 is Linda is not going to be able to answer that either. She  
4 probably can answer when that loss was going to be.

5           MS. KAUFMAN: Okay. Can you just add that on to  
6 Late-filed 19, when the loss would occur. Otherwise we  
7 will end up with a million exhibits.

8 BY MS. KAUFMAN:

9           Q       Turn to the next page, which is 368. Am I correct  
10 in assuming that the top half of this Attachment Number 1 is  
11 unrelated to the bottom half of it, and I'm dividing the  
12 page right after the '93-'94/'95-'96?

13          A       Yes, that's two separate sets of circumstances.

14          Q       Now, in the top half you have some columns going  
15 across, and Column A, is that intended to stand for revenue

16

17          A       Uh-huh.

18          Q       Do you know how those numbers were calculated?

19          A       No.

20          Q       It's Ms. Cheatham, I guess, that can tell us that?

21          A       Uh-huh.

22          MR. ANTHONY: What are we asking for?

23          MS. KAUFMAN: Late-filed 20. I want to know how  
24 the numbers appearing under Columns A, B and C were  
25 calculated.

1 MR. ANTHONY: That's on page --

2 MS. KAUFMAN: 368.

3 (Late-filed Exhibit Number 20 marked for  
4 identification.)

5 BY MS. KAUFMAN:

6 Q If you would turn to Page 370 in that  
7 Now, would I be correct in assuming that what appears on 370  
8 is your estimation of the cost of implementing

9  
10 A It appears that way, yes. I mean, that's not a  
11 document that I put together, and I'm not even familiar with  
12 the document. I'm sure it must have come out of Linda's  
13 office when they were trying to calculate some of the other  
14 numbers.

15 Q Were the costs for '95 and '96 blanked out, or  
16 does this estimate --

17 A No, my guess is they were blanked out.

18 Q So this isn't intended to portray that there will  
19 be no costs in '95 or '96?

20 A I don't think so. It appears to me like they were  
21 just not provided.

22 MS. KAUFMAN: Okay. I'm going to request those in  
23 Late-filed 21, and that would be the cost --

24 MR. ANTHONY: And that's Page 370.

25 MS. KAUFMAN: Right, the cost of '95 and '96, on

1 Page 370.

2 (Late-filed Exhibit Number 21 marked for  
3 identification.)

4 BY MS. KAUFMAN:

5 Q If you would turn to Page 371, please. This  
6 continues an analysis of the cost, is that correct?

7 A Uh-huh.

8 Q The first entry that you have under cost is  
9 network costs; can you tell me what is included in this  
10 category?

11 A Only that the network facilities require to  
12 implement what were in the preceding pages would be that  
13 amount.

14 Q Can you tell me what that would be?

15 A No, I can't.

16 MS. KAUFMAN: That would be Late-filed 22, what is  
17 included in the network costs on Page 371. We may as  
18 well ask for the blanked out years. I assume '95 and  
19 '96 were blanked out.

20 (Late-filed Exhibit Number 22 marked for  
21 identification.)

22 BY MS. KAUFMAN:

23 Q Now, the costs that are represented on Page 371,  
24 you have also included the cost for is that  
25 correct?

1 A Uh-huh.

2 Q No one is suggesting in this proceeding,  
3 are they?

4 A Not in this proceeding, no.

5 Q Turn to Page 373, please. This Page 373 does not  
6 have the notation that we saw in the  
7 is that still an  
8 assumption that's included here?

9 A Probably.

10 Q Now, on the right-hand side of this document, the  
11 fourth entry, you have a figure for

12

13 A Uh-huh.

14 Q Can you tell me how that number was calculated?

15 A No.

16 MS. KAUFMAN: That would be Late-filed 23.

17 MR. ANTHONY: That's Page 373, tell me again the  
18 specific number.

19 MS. KAUFMAN: Calculation of the dollar amount for

20

21 (Late-filed Exhibit Number 23 marked for  
22 identification.)

23 BY MS. KAUFMAN:

24 Q And that refers to Attachment 5, Mr. Lombardo,  
25 which is on Page 375. If you look to Page 375, I believe

1 you will see that the numbers there are not the same numbers  
2 that appear on Page 373. Do you see where I am?

3 A Yes. No, they are not.

4 Q So also on Late-filed 23 I would like for you to  
5 reconcile those numbers on Page 375 with the number on 373,  
6 and explain how they were calculated.

7 Okay. The that I have handed you is  
8 labeled F01C01Z00405. Did I give you the right one there?

9 MR. ANTHONY: F01C01Z00376 to 380.

10 MS. KAUFMAN: Let me go back and tell you the  
11 number again. F01C0100376 through 380, and that's  
12 Number 24.

13 (Exhibit Number 24 marked for identification.)

14 BY MS. KAUFMAN:

15 Q Turn to Page 380, if you would. Do you see there  
16 are several headings across the top?

17 A Uh-huh.

18 Q Was the information on that page not provided to  
19 us?

20 A That I don't know.

21 MR. ANTHONY: I don't know either. My guess is  
22 that's all that was on the page, but if you want me to  
23 check, I can check.

24 BY MS. KAUFMAN:

25 Q Can you explain to me what those headings refer

1 to?

2 A

3

4

5

6

7

8

9 Q Would you know why those categories were listed  
10 without any dollar figures estimated?

11 A No. That's what I said, I don't know why they are  
12 blanks. I don't know.

13 MS. KAUFMAN: You're going to check, Hank,  
14 and see --

15 MR. ANTHONY: Well, why don't we make Late-filed  
16 Exhibit 25 whether there was, and if there was, you  
17 will request it, I guess, and I will respond whether  
18 it's objectionable or not. And what's the page number  
19 on that?

20 MS. KAUFMAN: 380. And if there are numbers, and  
21 you do give them to us, an explanation of how they are  
22 calculated.

23 MR. ANTHONY: Let me write some notes here.

24 MS. KAUFMAN: Okay. Now, we are on FO1C01Z00404  
25 through 409, and that's going to be Number 26.

1 (Late-Filed Exhibit 25 marked for identification and  
2 Exhibit Number 26 marked for identification.)

3 MS. KAUFMAN: And if you will notice, Pages 406  
4 and 407 are blank. And I'm going to request those as  
5 Late-filed 26.

6 BY MS. KAUFMAN:

7 Q Turn to Page 408.

8 A Uh-huh.

9 Q And you will see at the top it's headed  
10 quantification other items. Am I correct in assuming that  
11 these are cost items to Southern Bell?

12 A I think this was supposed to represent the revenue  
13 impact.

14 Q The revenue impact. Mr. Lombardo, look at Entry  
15 Number 7, you see it says and there is  
16 a range of numbers given there. In your opinion, is that an  
17 estimate that is a reasonable estimate for

18

19 A I don't know.

20 Q Who provided you that?

21 A Linda.

22 Q Would you assume that Linda provided you with a  
23 reasonable estimate of the revenue impact of that?

24 A I would assume so.

25 Q Do you know what is included in that range of

1 figures?

2 A No idea.

3 MS. KAUFMAN: So it will be Late-filed 27. What I  
4 want to know is what is included in the  
5 revenue impact range.

6 MR. ANTHONY: Let's go off the record a second.  
7 (Off the record.)

8 MS. KAUFMAN: For 27, Mr. Lombardo is going to  
9 verify whether these are revenue or cost numbers, and  
10 I'm only talking about Line 7. And then he is going to  
11 explain how those numbers were calculated for us. And  
12 if you could also include in that the similar  
13 explanation for the figure that appears under network,  
14 right under the

15 MR. ANTHONY: I thought that's what we were  
16 talking about?

17 MS. KAUFMAN: No, first, we are talking about --  
18 there is two --

19 THE WITNESS: That range, the 10 to 20?

20 MS. KAUFMAN: Right. I'm looking at  
21 there.

22 MR. ANTHONY: There are two different numbers, I  
23 was planning to give you both numbers under 7.

24 MS. KAUFMAN: I was reading it wrong. Okay. Turn  
25 over to Page 409, and this is headed

1 cost network. This is going to be hard  
2 to do without the number.

3 MR. ANTHONY: Why don't you refer to the sentence  
4 or whatever.

5 MS. KAUFMAN: In the second sentence that appears  
6 on Page 409 --

7 MR. ANTHONY: In Florida-specific?

8 MS. KAUFMAN: Right.

9 (Late-filed Exhibit 27 marked for identification.)

10 BY MS. KAUFMAN:

11 Q In Florida-specific network plans to

12

13 Do you see that?

14 A Uh-huh.

15 Q Tell me what your understanding is of what  
16 generics are?

17 A What a generic is?

18 Q Within the context of this paragraph.

19 A Let me read it again. Where is it at?

20 MR. ANTHONY: Why don't you take a second and read  
21 the whole paragraph.

22 THE WITNESS: Generic in the central  
23 office is part of the process, and each processor has a  
24 specific generic program associated with it. And as  
25 you change generics, you change the services and other

1 things that that program can accomplish.

2

3

4 BY MS. KAUFMAN:

5 Q is that correct?

6 A To the generic program. It's the

7

8 Q And would I be correct that those would be

9 that Southern Bell would be doing?

10 A Would have to purchase from a vendor.

11 Q Now, do I also understand this paragraph to mean  
12 that if you were to go in and do these generics, and include

13 within that the capability in the

14 switch -- I'm trying to get you to tell me the difference.

15 You see the sentence that begins, "Including the

16 with the generic

17 updates would require an expenditure of --", and then there

18 is a certain number there?

19 A Uh-huh.

20 Q So the difference between that number and the

21 previous number is what the would cost,

22 is that correct?

23 A That's what it appears. I mean, it appears that

24 the additional cost as a result of

25 would cost you the additional amount.

1 MR. ANTHONY: Let me point out --

2 THE WITNESS: I am not the author of any of that.

3 MR. ANTHONY: -- that's the same number on the  
4 previous page, so clearly those numbers were cost  
5 numbers and not revenue numbers. That relates back.

6 BY MS. KAUFMAN:

7 Q Who is the author of this document?

8 A I have no idea. It may well be Linda, again.

9 Q She's a busy lady.

10 A And, of course, she was my coordinate to get this  
11 information, so my assumption is she either put it together  
12 herself or got it from somewhere else.

13 Q And you don't have any reason to disagree with the  
14 accuracy of the numbers she gave you, do you?

15 A Only to the extent that we talked about earlier.  
16 Most of this stuff was asked for very quickly and was pretty  
17 much order of magnitude stuff. It was not intended to be  
18 hearing quality, whatever that means.

19 Q Now, continuing on, do you see the sentence that  
20 begins -- this is midway, "If the decision were made to

21  
22 the cost would increase to  
23 --", and the number that's listed there. Do you see where I  
24 am? About three-quarters of the way down that first  
25 paragraph?



1 recall seeing this specific document.

2 Q See if you can take a look through it. It's not  
3 all that long.

4 A Yes, I don't recall seeing it, if that's your  
5 question. None of it.

6 Q This is headed or titled regional market plan  
7 update. And as you're looking through it, would I be  
8 correct in assuming that this sets out the region's  
9 competitive market strategy for intraLATA toll?

10 A It appears to, but I have no knowledge of the  
11 document.

12 Q Do you know who would be familiar with that?

13 A No. There's no name on it.

14 Q This is how it was provided to us.

15 A That's how it was.

16 Q Turn to Page 466, if you would. Look at the very  
17 last paragraph, it has a little dash by it.

18 A Yes.

19 Q It starts with, "Due to the pace of intraLATA toll  
20 revenue loss"?

21 A Yes.

22 Q If you would read that paragraph.

23 A Uh-huh.

24 Q Do you agree with that paragraph?

25 MR. ANTHONY: Well, I mean, it's hard for him to

1           agree or disagree when he has read one paragraph out of  
2           four or five pages.

3 BY MS. KAUFMAN:

4           Q       Well, if you would like to take some more time and  
5           read the entire page, that's fine.

6           A       It's dated 1990, for one thing. And as far as for  
7           the State of Florida, no, I wouldn't agree with the dates  
8           that are on there.

9           Q

10

11

12           A       No, I don't think I would agree with that. My  
13           position in this state, and you may talk to half a dozen  
14           others, and I don't know if this is policy, or not policy,  
15           and I don't really know what this is. My position is that  
16           we should have whatever pricing authorization is required to  
17           provide us the flexibility that we need in a competitive  
18           marketplace. And that may include usage based pricing, some  
19           flat rate, it depends on the time and the place and the  
20           circumstances that exist in the marketplace. We ought to be  
21           able to have the flexibility that enables us to be viable in  
22           that marketplace. I mean, that's my bottom line answer.  
23           I'm not a proponent that says there ought to be usage based  
24           pricing here tomorrow. We have put forward the plan that we  
25           think is the appropriate plan for the very time frames that

1 are in this docket, and we think that's the appropriate  
2 thing for Florida.

3 Q

4

5

6 A I don't know whether that's a goal or not. I  
7 really don't know the answer to that.

8 Q Who would know the answer to that, Mr. Lacher?

9 A He may.

10 Q Can you turn to the next page of that document?

11 A Let me ask you a question.

12 Q No, I get to ask the questions.

13 A I know, but let me clarify what you asked me.  
14 This particular document has very specific dates on it. And  
15 I know what Mr. Lacher's position is for these specific  
16 dates. And Mr. Lacher's position for these specific dates  
17 is that the plan we put before the Commission is the right  
18 thing to do for Florida. So I think the bottom line answer  
19 is that for Florida this is not an accurate statement.

20 Q Well, we probably all are getting tired, but  
21 disregard the dates.

22

23

24

25 A I don't know the answer to that. Maybe Mr. Lacher

1 is the appropriate person. I don't know who is.

2 Q Look at the next page, Page 467, and read the top  
3 paragraph there.

4 A Go ahead.

5 Q If I can just paraphrase that, it seems to me to

6

7

8

And

9 is it your testimony that you don't believe that to be the  
10 case in Florida?

11 A I know that's not the case in Florida. I think  
12 the case in Florida -- again, I've got to go back to the  
13 dates that are on here -- the case in Florida is to try to  
14 accomplish approval of the plan that we put before the  
15 Commission.

16 Q I understand that. And I'm going to ask you again  
17 to disregard the 1993 date.

18 A Again, I don't know the answer to that question.  
19 To my knowledge of it, all we were looking for was an  
20 optional service. Ultimately, I don't know what the  
21 Company's official policy position is.

22 Q Do you have a witness in this case that can tell  
23 us what the Company's official policy is?

24 A Lacher should be able to.

25 MS. KAUFMAN: Do you want to hand me that one

1 back. The next document is stamped F01C01Z00468  
2 through 495, and that is Exhibit 29.  
3 (Exhibit Number 29 marked for identification.)

4 BY MS. KAUFMAN:

5 Q Can you identify this document?

6 A No.

7 Q Never seen this document before?

8 A I'm not saying I've never seen it. I may well  
9 have seen it. Do I recall it? No, I do not recall it.  
10 But, again, I have seen a bunch of documents that have to do  
11 with UBT.

12 Q In your position as Assistant Vice-President for  
13 Regulatory Relations, do these sort of regional marketing  
14 plans generally come under your -- I wouldn't say review --  
15 but are you generally provided with copies of them?

16 A Not necessarily. They wouldn't necessarily come  
17 to me until such time as somebody said, "Let's go to the  
18 State of Florida and determine if this is the appropriate  
19 thing to do, or this is the appropriate time to do it."  
20 And, I mean, a lot of folks in headquarters working on the  
21 LOB teams analyze a lot of information and probably produced  
22 thousands of these documents. I don't look at all of those.  
23 But when it begins to -- they want our input as far as time  
24 and design and all of that, yes, then they would come and  
25 discuss that with us.

1 Q And as we sit here today you don't recall having  
2 ever seen this document?

3 A No, I don't. I'm not saying that I didn't, I'm  
4 just saying that I don't recall.

5 Q Take a look at Page 472, about midway down, all  
6 caps, it says strategies.

7

8

9

10 Is that  
11 one of the purposes of the plan you're proposing in Florida?

12 A Say that again, I'm sorry.

13 Q Do you see where I am, the third little circle?

14 A Yes, expanded local calling area.

15 Q As I understand, one of the strategies listed  
16 there is

17

18

19

20 A Yes.

21 Q If you will turn to the next page, which is 473,  
22 down toward the bottom the heading is phase-in plan for  
23 direction toward full implementation. And it says, "A  
24 carefully --" I'm quoting from the document.

25

1

2

3

Do you agree

4

with that statement?

5

A To a certain extent, yes, I agree with that

6

statement.

7

Q Is there an extent to which you don't agree?

8

A Well, to the certain extent is that the ELS plan

9

has a certain competitive characteristic to it, in that we

10

are doing it to try to either maintain revenue streams or

11

create new revenue streams. So, yes, I can't disagree with

12

that statement.

13

Q

14

15

16

A Yes, I would agree with that statement.

17

(Off the record.)

18

MS. KAUFMAN: Let me have you look at these two

19

documents together, and I will take them out of order,

20

it's F01C01Z00498 and 502, and ask you if you -- well,

21

first of all, what number are we on?

22

MR. ANTHONY: 30.

23

MS. KAUFMAN: So that would be Number 30.

24

MR. ANTHONY: The two pages would be 30?

25

MS. KAUFMAN: Yes, I think we can deal with them

1           together.

2           (Exhibit Number 30 marked for identification.)

3 BY MS. KAUFMAN:

4           Q     And I will represent to you, Mr. Lombardo, that  
5 this is how these documents were presented to me. Can you  
6 identify them, tell me what they are?

7           A     No.

8           Q     Never seen them before?

9           A     No. Well, I'm going to go back and have the  
10 qualifier that I had before. I don't recall ever seeing  
11 them before.

12          Q     Look at Page 502 there, that's the second line,  
13 last paragraph, and given your other answers I'm going to  
14 hazard a guess that you would agree with the first sentence  
15 of the last paragraph that says, "From a market and  
16 strategic perspective, given the anticipated developments in  
17 the preceding --", I believe that's a reference to the  
18 preceding paragraph --

19

20

21          A     Yes, I can't disagree with that.

22                MS. KAUFMAN: Okay, that was quick. Mr. Lombardo,  
23 in response to FIXCA's POD Number 5, we asked for all  
24 notes, documents, memoranda, et cetera dealing with the  
25 availability of 1+ presubscription. Let me show you,

1           this document is F01C01Z00552 and 553, and that will be  
2           31.

3           (Exhibit Number 31 marked for identification.)

4 BY MS. KAUFMAN:

5           Q     Take a minute to look at that.

6           A     Sure.

7           Q     Have you looked it over?

8           A     I haven't read every word, but, okay, I think I  
9 know the gist of what it is.

10          Q     If I understand this correspondence, there was a  
11 request made to AT&T for information about the price of  
12 equipping the AT&T switches for 1+ presubscription?

13          A     That's what it appears.

14          Q     Take a look at the paragraph that's labeled 1(b),  
15 and there is a figure represented there for what it would  
16 cost to do that for the AT&T switches, do you see that?

17          A     Uh-huh.

18          Q     Do you have any reason to doubt the accuracy of  
19 that number?

20          A     Not any more than I have a reason to think it's  
21 valid.

22          Q     Do you think it's not valid?

23          A     I don't know, I have no idea.

24          Q     Who would be the witness that would be able to  
25 address this?

1 THE WITNESS: That is not a Southern Bell  
2 document.

3 MS. KAUFMAN: But it was provided in response to a  
4 BellSouth request, was it not?

5 MR. ANTHONY: Let's go off the record.

6 (Off the record.)

7 BY MS. KAUFMAN:

8 Q Is it your testimony, then, that you don't know  
9 whether or not this is an accurate number?

10 A That is my testimony.

11 Q And do you have any basis for disputing its  
12 accuracy as we sit here today?

13 A Not any more than I have for validating it.

14 Q I'm not asking you to validate it, I'm asking you  
15 do you have any basis for disputing its accuracy?

16 A No, I do not.

17 MS. KAUFMAN: Okay. Now, we are going to go to  
18 the other documents. Mr. Lombardo, I've got a few  
19 documents that were produced to us in Docket Number  
20 880069, the precursor -- the mother or father of this  
21 docket. I have a very large stack of documents, I'm  
22 just going to just show you the top one for the moment.  
23 It is F03C02Z00106, and let's just group all of these  
24 documents together and call them 32.

25 (Exhibit Number 32 marked for identification.)

1 BY MS. KAUFMAN:

2 Q It's called public switched network services  
3 strategy?

4 A Right.

5 Q That's at the top, I guess the cover page, and  
6 then it's followed by lots and lots of -- I don't know if  
7 these are overheads, or graphs, or something used for  
8 presentation. Have you ever seen these documents before?

9 A Not that I recall.

10 Q To your knowledge, does it just look like  
11 something that would have been used in an internal  
12 presentation?

13 A Yes, I would say so, yes.

14 Q So I take it that you don't know who the author of  
15 these documents were?

16 A I have no idea.

17 Q The next document that I want you to look at, and  
18 we will just consider it part of this package, is 1116, and

19

20

21

22

23 A It appears that way. Two possibilities.

24 Q You said it well. These are the two competitive  
25 alternatives that Southern Bell is facing?

1 A Right.

2 Q

3

4

5

6

7 MR. ANTHONY:

8

9

10 MS. KAUFMAN: Yes.

11 MR. ANTHONY: Well, you've got to lay the  
12 predicate before he could answer it, I suppose, to see  
13 if he knows.

14 MS. KAUFMAN: Let's back up.

15 BY MS. KAUFMAN:

16 Q

17

18

19

20 A

21 Q

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23 A

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MR. ANTHONY: You mean within the meaning of that exhibit?

MS. KAUFMAN: And within the meaning as he just defined it.

THE WITNESS:

BY MS. KAUFMAN:

Q What do you mean by that?

A

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Q The next page I want to show you is 00122.

A That's got to be headquarters.

Q Have you ever seen that graph before?

A No, I have not seen this graph before.

Q Take a minute and study it, if you would. Do you see the crosshatched area there, it says existing LCA potential?

A Yes.

Q Would it be your reading of the graph that that would be the market segment that would be converted from local to toll?

MR. ANTHONY: If you know.

THE WITNESS: No, I don't know. To me it could be any one of two things; it's either the existing

1 existing, or it's the existing with the expanded, and I  
2 don't know.

3 BY MS. KAUFMAN:

4 Q You will have to explain that to me. The existing  
5 with the existing --

6 A Well, it says existing local calling area  
7 potential. The existing local calling area is what is  
8 currently local. If I were looking at our plan, and  
9 somebody were to say, "Okay, what is your existing local  
10 calling area potential?" I'd say that that is currently  
11 existing flat rate local calling area. If I were to be  
12 talking about potential, I would be looking at the expanded  
13 piece of that, to the local calling area. So, no, I don't  
14 know what they mean by this.

15 MS. KAUFMAN: Are these all the ones I gave you?

16 MR. ANTHONY: Yes, other than the first sheet.

17 MS. KAUFMAN: I have one more, and we are in the  
18 home stretch. And this is F03C02Z00189 through 229,  
19 and I guess that's Number 33.

20 (Exhibit Number 33 marked for identification.)

21 BY MS. KAUFMAN:

22 Q Take a look at that and see if you recognize this  
23 document.

24 A I don't recognize the document.

25 Q So, subject to your caveat, you don't recall that

1 you have ever seen this document before?

2 A No, subject to the caveat, I haven't seen it.

3 Q

4

5

6 A Uh-huh.

7 Q Take a minute to read that paragraph, if you

8 would?

9 A Okay.

10 Q Would I be reading that paragraph correctly, do I

11

12

13

14 A That's what it appears.

15 MS. KAUFMAN: I think that's all my questions.

16 Just give me a second. That's all I have. Thank you,

17 Mr. Lombardo, for your patience.

18 (Transcript resumes in nonconfidential transcript)

19

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## 1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA )

3 COUNTY OF LEON )

4 I, JANE FAUROT, Court Reporter, Notary Public in  
5 and for the State of Florida at Large:6 DO HEREBY CERTIFY that the foregoing proceedings  
7 was taken before me at the time and place therein  
8 designated; that before testimony was taken the  
9 witness/witnesses were duly sworn; that my shorthand notes  
10 were thereafter reduced to typewriting; and the foregoing  
11 pages are a true and correct record of the proceedings.12 I FURTHER CERTIFY that I am not a relative,  
13 employee, attorney or counsel of any of the parties, nor  
14 relative or employee of such attorney or counsel, or  
15 financially interested in the foregoing action.16 WITNESS MY HAND AND SEAL this 25<sup>th</sup> day of  
17 January, 1993, in the City of Tallahassee, County of Leon,  
18 State of Florida.19 20 JANE FAUROT, Court Reporter  
21 Notary Public in and for the  
22 State of Florida at Large23 My Commission Expires: July 16, 1993  
24  
25