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September 1, 1995

**ORIGINAL
FILE COPY**

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

Re: Docket No. 950737-TP

Dear Mrs. Bayo:

Enclosed for filing in the above referenced docket are an original and fifteen (15) copies of AT&T's Direct Testimony of Mike Guedel.

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Yours truly,

Robin D. Dunson
Robin D. Dunson

- ACK
- AFA
- APP
- CAF
- ~~CMU~~ Taylor
- CTR Attachments
- EAG cc: J. P. Spooner, Jr.
- LEG Parties of Record
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FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE

DOCKET NO. 950737-TP

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by next day express mail or hand-delivery to the following parties of record this 15th day of September, 1995.

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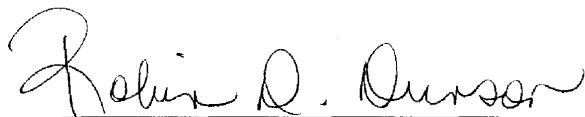
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ORIGINAL
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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

IN RE: INVESTIGATION INTO
TEMPORARY LOCAL
TELEPHONE NUMBER
PORTABILITY SOLUTION TO
IMPLEMENT COMPETITION IN
LOCAL EXCHANGE TELEPHONE
MARKETS

DOCKET NO. 950737 -TP

DIRECT TESTIMONY OF
MIKE GUEDEL
ON BEHALF OF AT&T COMMUNICATIONS
OF THE SOUTHERN STATES, INC.

SEPTEMBER 1, 1995

DOCUMENT NUMBER-DATE

08577 SEP-1 1995

FPSC-RECORDS/REPORTING

1 Q. WILL YOU PLEASE IDENTIFY YOURSELF?

2

3 A. My name is Mike Guedel and my business address
4 is AT&T, 1200 Peachtree Street, NE, Atlanta,
5 Georgia, 30309. I am employed by AT&T as
6 Manager-Network Services Division.

7

8

9 Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND
10 WORK EXPERIENCES.

11

12 A. I received a Master of Business Administration
13 with a concentration in Finance from Kennesaw
14 State College, Marietta, GA in 1994. I
15 received a Bachelor of Science degree in
16 Business Administration from Miami University,
17 Oxford, Ohio. Over the past years, I have
18 attended numerous industry schools and seminars
19 covering a variety of technical and regulatory
20 issues. I joined the Rates and Economics
21 Department of South Central Bell in February of
22 1980. My initial assignments included cost
23 analysis of terminal equipment and special
24 assembly offerings. In 1982, I began working
25 on access charge design and development. From

1 May of 1983 through September of 1983, as part
2 of an AT&T task force, I developed local
3 transport rates for the initial NECA interstate
4 filing. Post divestiture, I remained with
5 South Central Bell with specific responsibility
6 for cost analysis, design, and development
7 relating to switched access services and
8 intraLATA toll. In June of 1985, I joined
9 AT&T, assuming responsibility for cost analysis
10 of network services including access charge
11 impacts for the five South Central States
12 (Alabama, Kentucky, Louisiana, Mississippi, and
13 Tennessee).

14

15

16 **Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.**

17

18 **A.** My current responsibilities include directing
19 analytical support activities necessary for
20 intrastate communications service in Florida
21 and other southern states. This includes
22 detailed analysis of access charges and other
23 LEC filings to assess their impact on AT&T and
24 its customers. In this capacity, I have
25 represented AT&T through formal testimony

1 before the Florida Public Service Commission,
2 as well as regulatory commissions in the states
3 of South Carolina and Georgia.

4

5

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

7

8 The purpose of my testimony is to recommend a
9 methodology for establishing a rate level for
10 interim number portability provided through the
11 Remote Call Forwarding arrangement. I
12 recommend that the price be set at the level of
13 incremental cost.

14

15

16 **Q. PLEASE DEFINE NUMBER PORTABILITY.**

17

18 **A.** There are three concepts of number portability:

19 1) Service Provider Portability, 2) Location
20 Portability, and 3) Service Portability.

21 Service Provider Portability allows a user to

22 keep her/his telephone number at his/her

23 current location when selecting a new service

24 provider. Location Portability allows a user

25 to take his/her telephone number when moving to

1 a new location within or outside of the local
2 service area. Service Portability allows the
3 user to keep her/his telephone number when
4 changing services (i.e., Pots to ISDN).

5
6 The concept of Service Provider Portability
7 best meets the statutory goal of temporary
8 number portability as set forth in Section
9 364.16 (4) of the Florida Statutes. The
10 Industry Number Portability Standards Group
11 agrees that Section 364.16 (4) requires an
12 interim Service Provider Number Portability
13 solution. Therefore, my testimony addresses
14 the issues surrounding Service Provider
15 Portability - the ability of a user to retain
16 her/his telephone number at his/her current
17 location when changing service providers. All
18 references to "number portability" throughout
19 the remainder of this testimony will refer to
20 Service Provider Portability.

21

22

23 **Q. WHAT TECHNOLOGICAL ALTERNATIVES ARE AVAILABLE**
24 **TO PROVIDE INTERIM NUMBER PORTABILITY?**

25

1 A. The Industry Number Portability Standards Group
2 identified two viable alternatives for the
3 provision of temporary number portability: 1)
4 Remote Call Forwarding, and 2) Flexible DID.
5 The Group concluded that although Remote Call
6 Forwarding is not an appropriate solution to
7 the issue of permanent number portability, it
8 is one of the most practical interim solutions
9 and agreed that its implementation as an
10 interim solution should be mandatory. AT&T
11 agrees with the industry conclusion.

12
13
14 Q. WHAT ARE THE ADVANTAGES AND DISADVANTAGES OF
15 THE TECHNICAL OPTIONS?

16
17 A. As part of their work effort, the Industry
18 Number Portability Standards Group identified
19 potential advantages and disadvantages of the
20 respective interim technological solutions.
21 Exhibit I of this testimony contains a
22 description of the advantages and disadvantages
23 identified for two potential interim solutions:
24 Remote Call Forwarding and Flex DID.

25

1 Q. WHAT ARE THE COSTS ASSOCIATED WITH PROVIDING
2 INTERIM NUMBER PORTABILITY THROUGH A REMOTE
3 CALL FORWARDING ARRANGEMENT?
4

5 A. The non-recurring costs associated with the
6 provision of number portability include the
7 labor time involved in receiving the service
8 order, the transmission of the service order to
9 the switching employee, and the writing of the
10 translation.
11

12 The recurring costs associated with the
13 provision of number portability include the
14 switching costs associated with the set up and
15 maintenance of additional calls through the LEC
16 central offices, and the transport costs
17 associated with the facilities utilized in
18 forwarding the call to the recipient company.
19

20
21 Q. WHAT IS THE APPROPRIATE RATE STRUCTURE FOR
22 RECOVERING THE RECURRING COSTS OF PROVIDING
23 INTERIM NUMBER PORTABILITY THROUGH A REMOTE
24 CALL FORWARDING ARRANGEMENT?
25

1 A. AT&T concurs in the industry Stipulation and
2 Agreement that the rate structure should
3 consist of a single rate element billed by the
4 provider of the number portability service to
5 the LEC receiving the ported number.

6

7

8 Q. AT WHAT LEVEL SHOULD THE COMMISSION SET THE
9 RATE FOR NUMBER PORTABILITY?

10

11 A. As a general rule, the prices charged for any
12 service should be based upon the underlying
13 cost of providing the service. This concept of
14 cost based pricing suggests that the prices
15 should be set as close to cost as possible.
16 The appropriate cost for consideration in this
17 model is the Total Service Long Run Incremental
18 Costs (TSLRIC) of providing each service.
19 Further, to the extent that a mark-up above
20 costs is required for the survival of the firm,
21 the mark-up should be shared equitably among
22 all service consumers.

23

24 In the case of interim number portability,
25 however, the price should be set at the cost

1 (the TSLRIC) that the LEC incurs in providing
2 the service. No additional mark-up should be
3 allowed. A LEC should be permitted to recover
4 the costs that it incurs in providing number
5 portability, but it should not be allowed to
6 exact any additional premium from potential
7 competitors simply for the right to do business
8 in its territory.

9
10

11 **Q. WHY IS IT NECESSARY TO ESTABLISH THE RATE AT**
12 **COST?**

13

14 **A.** In the current environment, the incumbent LECs
15 have an overwhelming market advantage. The
16 incumbent LECs have essentially all of the
17 existing customers in the local exchange
18 telephone market - they have essentially all of
19 the functioning telephone numbers.

20

21 If alternative providers are to have a
22 competitive chance, barriers to competition, if
23 not completely eliminated, must be minimized.
24 The cost of number portability in and of itself
25 provides a significant barrier to competition.

1 That barrier should not be enhanced by allowing
2 the incumbent LECs to exact additional mark-up
3 through the rates charged for providing number
4 portability.

5

6

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8

9 **A. Yes.**

Relative Advantages and Disadvantages of
Remote Call Forwarding and Flex DID as Temporary Number
Portability Solutions

Remote Call Forwarding

Advantages:

1. Only one translation change would be required.
2. Screening List CLASS features in customer's new central office would still work.
3. RCF does not require the addition of extra or special inter-office trunks if call volume is low.
4. RCF is available in most switches.
5. RCF supports the use of SS7 signaling.
6. RCF can be applied on a line-by-line basis.

Disadvantages:

1. There would be a call set-up delay of 2 to 3 seconds.
2. The actual network number (the ported number) would not be known to customers, creating confusion when calls were placed from this number to subscribers of Caller identification. The number displayed at the far end would not be the directory number, but would be the ported number.
3. RCF requires the use of two number assignments.
4. The engineered capability of a given switch may pose a problem in regards to the number of call forwards the switch can support at any one time. This would depend on how many customers were assigned this option.
5. Some types of calls (e.g., interLATA calls terminating through the access tandem, or local calls from the ALEC switch to the directory number which are then routed back over the same trunk) may require extra trunks, depending on call volume.
6. Administration would be required to insure the appropriate RCF changes are made in the affected office when a customer moves to a new local service provider. Disconnecting numbers would also have to be tracked.

7. RCF for two lines would be necessary to enable call waiting for the ported customer.
8. The incumbent LEC would remain in the revenue stream for terminating access revenues. [Need more discussion here-bad incentive for LECs to come up with final solution]
9. For 911 purposes, it is not clear that the ported number would be able to be displayed at the Public Safety Answering Point (PSAP) in all cases, and if it is, it will require training of the PSAP operator.
10. CLASS features Automatic Recall and Automatic Call Back are disabled following a call to the ported number.
11. The Calling Port Number (CgPN) field on which CLASS features are based when the ported customer originates a call will not show the ported number and Caller ID and features that screen on Caller ID will fall. This is similar to disadvantage #2.
12. Second number line is inconsistent with a long term database solution.

Flex DID

Advantages:

1. The customer would be assigned one directory number. [question about how this works]
2. The customer would not use an office equipment number in the former company's central office.

Disadvantages:

1. There would be a call set-up delay of 2 to 3 seconds.
2. CLASS features would require changes in the STPs to associate the NNX with two different point codes on a per number basis.
3. This method would require changes in the access tandem office to allow for full seven digit number routing (maintaining exception lists) instead of routing by three digit NXX.

4. This method would require direct trunks to the former central office if the access tandem isn't able to route calls via exception lists.
5. This method could also require extra trunks between offices (the same as RCF) depending on call volume.
6. Opening the old NXX in the customer's new central office would require more transition changes.
7. More administration than RCF would be required for opening NXXs in two different offices and maintaining the exception lists.
8. DID requires end office trunking to each end office that is porting a number.
9. The incumbent LEC would remain in the revenue stream for access revenues.

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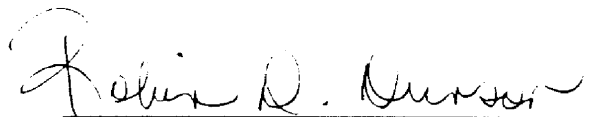
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