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

Re: Investigation into Temporary Local Telephone Number Portability Solution to Implement Competition in Local Exchange Telephone Markets (Docket No. 950737-TP)

Dear Ms. Bayo:

Enclosed for filing in the above-styled docket are the original and fifteen (15) copies of the Rebuttal Testimony of Timothy Devine on behalf of Metropolitan Fiber Systems of Florida, Inc.

Please acknowledge receipt and filing of the above by stamping the duplicate copy of this letter and returning it in the enclosed self-addressed envelope.

Thank you for your assistance in this matter.

Sincerely,

James C. Falvey
James C. Falvey

cc: All Parties of Record

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me

DOCUMENT NUMBER-DATE

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BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into temporary)
local telephone number portability) Docket No. 950737-TP
solution to implement competition in)
local exchange telephone markets.) Date: September 29,
) 1995

REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950737-TP

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REBUTTAL TESTIMONY OF TIMOTHY T. DEVINE
ON BEHALF OF
METROPOLITAN FIBER SYSTEMS OF FLORIDA, INC.
Docket No. 950737-TP

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Timothy T. Devine. My business address
3 is Metropolitan Fiber Systems of Florida, Inc.
4 ("MFS"), 250 Williams St., Atlanta, Georgia 30303.

5 Q. ARE YOU THE SAME TIMOTHY DEVINE WHO PREVIOUSLY FILED
6 TESTIMONY IN THIS PROCEEDING?

7 A. Yes.

8 Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

9 A. To respond to the positions of other parties
10 regarding those issues that have not been stipulated
11 to by the parties. (Issues 1, 2, 6, and 7 have in
12 fact been stipulated to by the parties.) In
13 particular, I will emphasize the need to ensure that
14 any temporary number portability solution is funded
15 by per-line per-month charges which are, as MCI has
16 stated in its Direct Testimony, set at the
17 incremental direct cost to the LEC of providing such
18 service to ALECs, with no contribution.

19 Q. HAS THE NUMBER PORTABILITY TASK FORCE GROUP
20 SUCCEEDED IN NEGOTIATING A COMPREHENSIVE NUMBER
21 PORTABILITY SOLUTION?

22 A. No. The parties have agreed to a Stipulation
23 addressing certain fundamental aspects of a
24 solutions, such as the basic technical alternatives

1 that must be offered. The parties have not,
2 however, been able to reach agreement on, among
3 other issues, the critical issue of how the cost of
4 temporary number portability should be funded.

5 **Q. WHAT ISSUES REMAIN TO BE RESOLVED IN THIS DOCKET?**

6 **A.** Issues 3 (advantages and disadvantages of
7 solutions), 4 (costs associated with providing each
8 solution), 5 (how costs should be recovered), and 8
9 (whether the docket should be closed).

10 **Q. IS THERE A CONSENSUS AMONG THE PARTIES THAT, DESPITE**
11 **CERTAIN DEFICIENCIES, REMOTE CALL FORWARDING IS THE**
12 **BEST TEMPORARY SOLUTION?**

13 **A.** Yes. Although some parties also advocate Flex DID
14 as a temporary solution, the general consensus that,
15 although deficient in a number of technical and
16 operational aspects, Remote Call Forwarding ("RCF"),
17 which is currently tariffed by LECs, is the best
18 temporary solution.

19 **Q. WHAT IS THE CRUX OF THE DISPUTE IN THIS DOCKET?**

20 **A.** The crux of the dispute is what costs should be
21 considered in analyzing the cost of RCF and how
22 should those costs be recovered.

1 **Q. HAVE BELLSOUTH AND GTE INCLUDED CERTAIN COSTS IN ITS**
2 **CALCULATION OF RCF COSTS THAT SHOULD NOT BE**
3 **INCLUDED?**

4 **A. Yes. The Commission should critically review all**
5 costs claimed to be incurred by LECs in provisioning
6 RCF for ALECs. For example, BellSouth's costs
7 associated with service implementation appear to
8 involve mere data input and should therefore be
9 closely scrutinized. Kolb Testimony at 4-5.
10 Central office and interoffice networking costs (*id.*
11 at 5) must also be scrutinized to ensure that they
12 do not include costs that would otherwise be
13 incurred to provide currently tariffed RCF service.
14 ALECs should have access to all cost studies and
15 workpapers to permit them to analyze this
16 information.

17 **Q. SHOULD RCF RATES RECOVER CONTRIBUTION TO SHARED**
18 **COSTS AS RECOMMENDED BY LECS?**

19 **A. No. This recommendation (Kolb Testimony at 6;**
20 Menard Testimony at 6; Poag Testimony at 4) would
21 require ALECs to subsidize their much larger LEC
22 competitors. As I have explained in testimony in
23 the related interconnection and universal service

1 docket, ALECs should not be required to pay
2 contribution to LECs. ALECs should not be
3 responsible for paying the overhead costs of their
4 monopolist competitors. This runs contrary to basic
5 principles of competition and will merely serve to
6 lock in current inefficiencies of the LEC network.
7 To the extent that RCF is a bottleneck facility
8 provided by a monopolist to its competitors,
9 contribution is entirely inappropriate.

10 **Q. WHAT IS YOUR VIEW OF THE PROPOSAL OF MCI IN ITS**
11 **DIRECT TESTIMONY REGARDING THE PER LINE PER MONTH**
12 **CHARGE FOR RCF?**

13 **A.** MCI has proposed that the per line per month charge
14 be set at the incremental direct cost to the LEC of
15 providing RCF. Price Testimony at 13. I agree that
16 this is the appropriate basis for such a per line
17 per month charge.

18 As I stated in my direct testimony, MFS surveys
19 in New York conclusively demonstrate that customers
20 are extremely reluctant to change telephone carriers
21 if they will also be required to change telephone
22 numbers. MFS has conducted two series of surveys of
23 potential customers in New York that provide

1 overwhelming evidence of the significance of number
2 portability to customers considering switching to a
3 competitive provider. Moreover, MFS has not seen in
4 Florida or elsewhere any market survey or other
5 evidence suggesting that number portability is not
6 critically important to customers.

7 Telephone customers, and particularly business
8 customers that have advertising, marketing, and
9 goodwill investments in their phone numbers, are
10 extremely reluctant to change numbers unless
11 absolutely necessary. This issue is particularly
12 sensitive for the generally underserved market of
13 small business customers, typically those having 5
14 to 35 lines. Number portability is therefore a
15 basic prerequisite for the development of local
16 competition prescribed by the Legislature.

17 **Q. DO YOU AGREE WITH MCI THAT THE CRITICAL NATURE OF**
18 **NUMBER PORTABILITY HAS AN IMPACT ON THE APPROPRIATE**
19 **BASIS FOR PRICING RCF?**

20 **A.** Yes. As discussed by Mr. Price (at 12-13), RCF is
21 currently priced as a premium service by LECs.
22 However, because number portability has been proven
23 in market surveys to be essential to local

1 competition, the Commission must establish a price
2 for RCF that reflects incremental direct cost to the
3 LEC.

4 In this sense, temporary number portability is
5 not comparable to premium services, such as many
6 CLASS services (e.g., Caller I.D.), that individual
7 customers choose to purchase to further their
8 personal needs. Number portability is an integral
9 part of a legislatively mandated plan to introduce
10 competition into the local exchange market. To
11 charge contribution to those pioneering customers
12 that first use ALEC services, or those carriers that
13 first provide such service, would be blatantly
14 anticompetitive and would contravene the intent of
15 the Legislature.

16 **Q. HOW DO YOU RESPOND TO PROPOSALS THAT THIS DOCKET BE**
17 **CLOSED IMMEDIATELY AFTER THE PROPOSED SCHEDULE**
18 **CONCLUDES?**

19 **A.** MFS still opposes closing the docket, although it
20 may not be far from agreement with BellSouth which
21 states that a new docket should be opened to
22 continue the work of monitoring temporary number
23 portability solutions. Closing one docket and

1 opening another for the same purpose does not appear
2 to MFS to be a sensible approach to ensuring that
3 implementation problems are efficiently and
4 effectively addressed by the Commission. MFS, based
5 on its experience in other states anticipates such
6 implementation problems and therefore believes that,
7 as with all other co-carrier issues, the Commission,
8 after initially setting the rules, should remain
9 fully engaged in the process to ensure the
10 fulfillment of the legislative mandate. Experience
11 shows that, as competition takes root, LECs will
12 retain market dominance for some time to come. The
13 Commission should therefore keep this docket open to
14 ensure that implementation occurs according to the
15 intent of the Commission.

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

17 **A. Yes.**