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September 29, 1995

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BY HAND DELIVERY

Ms. Blanca S. Bayó
Director, Records & Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 950737-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Metro Access Transmission Services, Inc. in the above referenced docket are the original and 15 copies of Don Price's rebuttal testimony.

Copies have been furnished to parties of record as indicated on the attached service list.

Very truly yours,

RDM

Richard D. Melson

RDM/cc
Enclosure
cc: Parties of Record

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following by hand delivery (**) or next business day delivery by UPS (*) this 29th day of September, 1995.

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REBUTTAL TESTIMONY OF DON PRICE
ON BEHALF OF
MCI METRO ACCESS TRANSMISSION SERVICES, INC.
DOCKET NO. 950737-TP
SEPTEMBER 29, 1995

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Don Price, and my business address is 701 Brazos,
3 Suite 600, Austin, Texas, 78701.

4 Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

5 A. I am employed by MCI Telecommunications Corporation as
6 Executive Staff Member, State Regulatory and Governmental
7 Affairs, Southern Region.

8 Q. ARE YOU THE SAME DON PRICE WHO PREVIOUSLY FILED
9 DIRECT TESTIMONY IN THIS PROCEEDING?

10 A. Yes.

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

12 A. My rebuttal testimony is presented in response to certain
13 statements made in the direct testimonies of Frank R. Kolb on
14 behalf of BellSouth, Beverly Y. Menard on behalf of GTE, and F.
15 Ben Poag on behalf of Sprint United/Centel.

16 Q. WHAT COMMON THEME APPEARS IN THE TESTIMONIES OF MR.
17 KOLB, MS. MENARD, AND MR. POAG?

18 A. The LEC witnesses urge that, if the parties are unable to reach
19 agreement on a price for ALECs' use of Remote Call Forwarding as

1 an interim service provider number portability mechanism, the
2 Commission should establish prices above the economic costs
3 identified by the LECs. As I noted in my direct testimony, such
4 pricing would constitute bad public policy.

5 Q. WHY WOULD IT BE BAD PUBLIC POLICY FOR THE LECs' PRICES
6 TO BE SET TO RECOVER "CONTRIBUTION," i.e., IN
7 RECOGNITION OF THEIR SHARED AND/OR COMMON COSTS?

8 A. To permit the LECs to price RCF above incremental cost(s) would
9 1) create an additional disincentive for the LECs to move rapidly
10 toward implementation of a true provider portability solution, 2)
11 unreasonably increase the ALECs' cost of providing service and
12 thereby create an undeserved market advantage for the LECs, and
13 3) create an artificial floor below which competition could not drive
14 end-users' prices.

15 The underlying policy consideration in establishing a
16 temporary mechanism to enable customers to move between
17 competing providers of local telecommunications services without
18 having to change their existing telephone numbers is to avoid
19 consumer inconvenience and disruption. The ALECs do *not* have
20 a choice of mechanisms by which such a result could be
21 accomplished. Rather, unless and until the Commission orders the
22 implementation of a true, database solution to provider number
23 portability, the ALECs are limited to one relatively undesirable
24 means of permitting customers to retain their numbers. Stated
25 another way, Remote Call Forwarding ("RCF") represents a

1 monopoly input that ALECs must have to offer service in
2 competition with the LECs and, as such, RCF should not be treated
3 as a "profit center" by the LECs.

4 Q. HOW DO YOU RESPOND TO MR. POAG'S CLAIM THAT THE
5 LECs ARE ENTITLED TO RECOVER THEIR SHARED AND/OR
6 COMMON COSTS?

7 A. Mr. Poag is correct in the sense that a firm must be able to recover
8 its overheads if it is to remain viable. Because the Commission is
9 not faced with requests for rate relief, it can be presumed that the
10 LECs' overheads are being covered today through their existing
11 rates. Furthermore, RCF is a monopoly input provided as a
12 temporary mechanism to avoid inconveniencing end users by
13 forcing them to change telephone numbers when changing local
14 service providers. Therefore, RCF should not be treated as a
15 "profit center," but priced at the LECs' incremental cost.

16 If it true that the provision of telecommunications services
17 involves significant shared and/or common costs, then the ALECs
18 will have such costs, too. Those shared and/or common costs will
19 have to be recovered from the ALECs' end users. With this in
20 mind, the LECs' recommendation in this proceeding -- that the
21 price for RCF must be set above the LECs' economic costs of
22 providing RCF -- would force the ALECs to cover not only their
23 own overhead costs, but also a portion of the LECs' overhead.
24 While such a result might be preferred by Mr. Poag's company, it
25 is not sound public policy.

1 Q. MS. MENARD'S TESTIMONY DISCUSSES GTE'S RATIONALE
2 BEHIND ITS PROPOSAL TO ASSESS A SEPARATE CHARGE FOR
3 ADDITIONAL "PATHS." DO YOU AGREE WITH HER ANALYSIS?
4 A. No. As I noted in my direct testimony, a charge should only be
5 assessed for each "number" (i.e., directory listing) equipped with
6 RCF. To adopt Ms. Menard's recommendation would essentially
7 require the ALEC to obtain "dedicated" facilities from the LECs for
8 every possible call that might be forwarded. Such a result would
9 penalize the ALECs' customers, again providing an artificial
10 advantage to the LECs.
11 Q. DO YOU HAVE ANY OTHER COMMENTS REGARDING MS.
12 MENARD'S TESTIMONY?
13 A. Yes. Ms. Menard's testimony suggests that GTE would not
14 process an ALEC's order for RCF unless the ALEC could provide a
15 written letter of agency.
16 Q. WHAT EXPLANATION IS GIVEN BY MS. MENARD AS TO WHY
17 SUCH A REQUIREMENT SHOULD BE IMPOSED?
18 A. No explanation is provided as to why it is necessary for GTE to
19 impose such a requirement. There are a number of ways an ALEC
20 could obtain verification of a customer's desire to obtain service
21 and/or switch providers of service. In some instances, it may be
22 that a letter of agency would be obtained by the ALEC. To restrict
23 the ALECs' business practices by imposing the particular
24 requirement suggested by Ms. Menard, however, would increase
25 the ALECs' cost of providing services, thereby damaging the

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competitive process.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.