

1 **DIRECT TESTIMONY OF A.R. (DICK) SCHLEIDEN**

2 **ON BEHALF OF**

3 **CONTINENTAL CABLEVISION, INC.**

4 **DOCKET NO. 950985A-TP**

**ORIGINAL
FILE COPY**

5
6 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS AND**
7 **IDENTIFY THE PARTY ON WHOSE BEHALF YOU ARE TESTIFYING.**

8 A. A.R. (Dick) Schleiden, Continental Fiber Technologies, Inc. doing/business/as
9 AlterNet, 4455 Baymeadows Road, Jacksonville, Florida. Continental Fiber
10 Technologies, Inc. and Continental Florida Telecommunications, Inc. are wholly-
11 owned subsidiaries of Continental Telecommunications Corporation, which is a
12 wholly-owned subsidiary of Continental Cablevision, Inc. I am testifying on behalf
13 of Continental Cablevision, Inc., and its affiliated companies operating in Florida.

14 **Q. WHAT IS YOUR POSITION WITH ALTERNET?**

15 A. I am the General Manager of AlterNet, which was originally certified as an
16 alternative access vendor and is currently certified as an alternative local exchange
17 telecommunications company.

18 **Q. WHAT ARE YOUR RESPONSIBILITIES IN THAT POSITION?**

19 A. I have overall responsibilities for the day-to-day operations of AlterNet.

20 **Q. DESCRIBE YOUR PREVIOUS PROFESSIONAL EXPERIENCE.**

21 A. I have over 40 years of telecommunications experience in most disciplines of the
22 former Bell system. During my tenure there, which began in 1954, I served in a
23 number of different positions, mostly managing and supervising sales, marketing

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1 and technical teams. After retiring from AT&T and prior to joining AlterNet, I was
2 employed as Director of Sales for an alternative access vendor operating in
3 Florida. I have been the General Manager of AlterNet for the past two and one-
4 half years. A copy of my resume is attached as Exhibit CONT-1.

5 **Q. Have you previously testified before the Commission in any other**
6 **proceeding?**

7 A. Yes, as a member of a panel of witnesses, I filed direct testimony on behalf of the
8 Florida Cable Telecommunications Association in Docket No. 950985-TP relating
9 to the petition of Teleport Communications Group (TCG).

10 **Q. Why did you submit testimony relating to the TCG petition?**

11 A. I was aware of the precedential nature of the Commission's decision regarding
12 TCG's petition, the requirement that interconnection rates, terms, and conditions
13 established by the Commission be nondiscriminatory, and the likelihood that the
14 Commission's approach to resolving the TCG petition may signal a similar
15 approach if asked to resolve other interconnection disputes.

16 **Q. What is the purpose of your testimony here?**

17 A. The purpose of this testimony is to describe the type of interconnection that
18 Continental and the incumbent local exchange telecommunications companies
19 (LECs) should provide to each other for exchanging traffic bound for the other's
20 network and the compensation arrangement that should cover such
21 interconnection. As discussed in its petition, Continental requires technically
22 feasible and economically viable interconnection arrangements with the incumbent

1 LECs. It is Continental's intent to inaugurate local exchange service to residential
2 and business customers as soon as possible after January 1, 1996. Continental's
3 ability to provide effective local services in this timely manner is largely dependent
4 upon its ability to complete calls between its customers and those of other service
5 providers on Florida's Public Switched Network (PSN) under reasonable
6 *compensation arrangements. My testimony is being submitted in order to*
7 recommend to the Commission the appropriate arrangements that it should
8 establish for the purpose of fostering the robust competition foreseen by the
9 recently-enacted legislation ("New Legislation").

10 **Q. Have you negotiated with representatives of incumbent LECS, and if so, has**
11 **any agreement been reached?**

12 A. Yes, I have communicated with representatives of BellSouth Telecommunications,
13 Inc. ("BellSouth") by letter and in meetings; no, we have not reached any
14 agreement. These communications were commenced by letter dated June 30,
15 1995. Thereafter, two meetings took place between Continental and BellSouth
16 representatives in Atlanta where interconnection was discussed. The last meeting
17 was held October 3, 1995. When no agreement was reached, Continental decided
18 to petition the Commission to establish interconnections arrangements.
19 Continental's petition was filed on October 6, 1995 in Docket No. 950985-TP
20 relating to the TCG petition, seeking admission in that proceeding as a petitioning
21 party for the purpose of establishing nondiscriminatory interconnection rates, terms
22 and conditions for Continental.

1 **Q. Are the interconnection arrangements being sought by Continental specific**
2 **to your company or would they have applicability to other alternative local**
3 **exchange telecommunications companies (ALECs)?**

4 A. They would be specific to Continental; however, they would be applicable to
5 other providers to the extent that discrimination is forbidden. While I am not an
6 attorney, I am aware that the New Legislation requires the incumbent local
7 exchange telecommunications companies (LECs) to make interconnection
8 available to ALECs and other providers on a nondiscriminatory basis. I am also
9 aware that this legislation directs the Commission, upon petition, to set
10 nondiscriminatory prices, terms and conditions of interconnection. I conclude that
11 identical arrangements adopted by the Commission for Continental and the
12 incumbent LECs do not have to be established for other providers who seek
13 different rates, terms, or conditions. However, the differences have to be
14 justifiable on some basis which is not discriminatory. To me, a different rate could
15 be justified by differences in equipment or topography; however, different rates
16 could not be justified for the same interconnection service just because it is
17 furnished to two different ALECs.

18 **Q. What do you mean by the term "interconnection?"**

19 A. It means the procedure by which Continental will integrate its present and future
20 facilities into Florida's public switched network (PSN). To me, Florida's PSN is
21 the aggregation of all facilities being used, and to be used, by all providers to
22 furnish switched telecommunications services to the public in this state. No one

1 entity "owns" the PSN by virtue of its ownership of facilities that are integrated
2 into it. Nevertheless, concentrated ownership of large portions of those facilities
3 by a few entities gives them control over access to the PSN. In my opinion, the
4 New Legislation was enacted for the purpose of opening Florida's PSN to more
5 providers to make the benefits of competition available to Floridians. These
6 benefits include: (1) lower consumer prices; (2) enhanced services; and (3)
7 expanded customers choice.

8 **Q. What is the nature of the market that Continental seeks to enter through**
9 **interconnection with the incumbent LECs?**

10 **A.** Each local exchange market is characterized by the overwhelming dominance of
11 one player--the incumbent LEC. The incumbent LECs own and control the
12 facilities encompassing the total local exchange market of Florida's PSN, including
13 subscriber loops and switches, access to which must be obtained in order to
14 originate or terminate traffic. In order for the Florida PSN to appear seamless to
15 consumers, there will always be a need for efficient interconnection between
16 service providers. The only alternative is the unacceptable circumstance which
17 existed at the beginning of this century when consumers often needed more than
18 one telephone to communicate with other consumers. The incumbent LEC enjoys
19 ubiquitous facilities throughout its market area. It begins the process of
20 transitioning to competition with virtually all of the market as well as customer
21 recognition which comes from decades of being the only provider.

1 The incumbent LEC may elect price regulation on January 1, 1996 even though it
2 may actually face no competition in many areas. However, the ALEC will always
3 face at least one competitor--the entrenched incumbent LEC. The incumbent LEC
4 is the only competitor known and recognized as a provider of local exchange
5 service and the only competitor controlling the essential market that rivals must
6 access in order to provide service throughout an entire service area. Incumbent
7 LECs have an enormous competitive advantage simply due to customer inertia.
8 They have the ability to exercise market power gained from decades of advertising
9 and from the leverage over end users based on long-standing business
10 relationships.

11 ALECs, on the other hand, face many obstacles in order to compete. They must
12 first make large investments in their own facilities. They must then connect these
13 facilities to the ubiquitous LECs' facilities and attempt to overcome customer
14 inertia and the incumbents' brand loyalty by providing superior service at the same
15 or lower prices than the incumbent LECs. Because the incumbent LECs stand to
16 lose market share (although not necessarily revenues) by such interconnection,
17 they have little incentive to enter into interconnection arrangements that are
18 economically viable or technically efficient for the new entrant. Yet, if ALEC
19 services are perceived as inferior or more expensive to incumbent LECs' services,
20 the effect on competition could be fatal. As it is, the ALEC currently enters the
21 market with a serious risk of being placed at an immediate competitive
22 disadvantage because of the effects of technical issues, such as a technologically

1 inferior interim number portability mechanism, that are under the complete control
2 of the incumbent LEC.

3 **Q. Given this context, what factors should the Commission consider in setting**
4 **incumbent LECs' interconnection parameters in this proceeding?**

5 A. First, the Commission should recognize that the intent of the New Legislation is to
6 promote competition and consumer choice among a wide array of services.
7 Indeed, worldwide experience indicates that competition lowers prices, provides
8 greater freedom of choice, encourages the introduction of new technology and
9 innovation as well as investment in telecommunications infrastructure, and
10 promotes the usage of telecommunications services. Therefore, a competitive
11 environment uses the least amount of society's scarce resources while providing
12 the greatest amount of goods and services to the consumer.

13 As the Chairman of the Florida House Committee on Telecommunications recently
14 stated in a letter to Chairman Clark, the Commission should view its new role as
15 that of the "catalyst of competition." See Exhibit CONT-2. In other words, the
16 Commission should be "promoting" competition rather than simply "permitting" it.

17 As a result, the Commission should consider the impact of various rate structures
18 and levels on the development of competition and residential consumer choice. I
19 agree with Chairman Clemons' statement that, ultimately, the best way to protect
20 consumers is by providing them with superior, innovative choices. Interconnection
21 arrangements must permit ALECs to economically deliver competitive local
22 telecommunications services.

1 Second, the Commission should consider that interconnection is an essential
2 monopoly service. Only the incumbent LECs today enjoy ubiquitous facilities
3 throughout their market areas, which is a great advantage to them. To spite the
4 argument that having to serve everyone everywhere is a burden, this ubiquity
5 confers immense positive effects from a marketing perspective. Because of
6 incumbent LEC ubiquity, new entrants must interconnect with the incumbent LEC
7 as a condition of doing business. Moreover, incumbent LECs, e.g., BellSouth, is
8 investing in operations worldwide. The current wisdom is that telecommunications
9 companies, regardless of their origination, will ultimately offer consumers a full
10 package of services: video, local, toll, long-distance, data, security, and
11 environmental controls. The investments of both the incumbent LECs and the
12 ALECs will be amortized across that package, making the “burden of maintaining
13 a ubiquitous network” less costly. It also provides the monopolist absolute market
14 power and a marketing advantage the likes of which have not been seen in modern
15 industry.

16 Third, interconnection structure and rates should promote technological innovation
17 and innovative pricing strategies. This, too, is one of the basic premises of the
18 New Legislation. Not only are consumers to have choices of new providers, but of
19 new services. Further, the price structure for interconnection should permit
20 carriers to pursue their own independent retail marketing strategy. Price structures
21 for interconnection should not be tied to existing incumbent LEC price structures
22 so as to force new market entrants to mimic those pricing structures. Nor should

1 consideration be given to the incumbent LECs for keeping their current revenues
2 whole. That would be resorting to traditional, rate-of-return regulation after that
3 approach has been removed for the large incumbent LECs in the New Legislation.
4 ALECs must be permitted to exercise the greatest possible latitude in developing
5 their retail marketing strategies for local services.

6 Fourth, interconnection rates should not include a contribution to universal service.

7 We understand that as the Florida Legislature considered revisions to the statutes
8 governing regulation by the Commission of Florida's telecommunications industry,
9 it explicitly "de-linked" interconnection rates from universal service considerations.

10 I agree that these are two entirely different concepts, and should not be treated
11 together.

12 Fifth, the interconnection rate should take into account any technical
13 considerations placing new entrants at a competitive disadvantage. For example,
14 Remote Call Forwarding is the only currently available option for number
15 portability. It is an inefficient process for maintaining number portability. The
16 known disadvantages of Remote Call Forwarding include impairment of the
17 availability of CLASS features, degradation of service quality, call completion
18 delays, cost burdens for all, and--potentially--customer dissatisfaction for the
19 ALECs. Nevertheless, number portability is an essential element of providing
20 competitive local service from both a price and quality perspective. The
21 Commission should therefore take this shortcoming into account in setting
22 interconnection rates and terms.

1 Finally, interconnection rates and rate structures should create incentives for
2 competitive infrastructure development. The only way for sustainable competition
3 to develop is if competitors do not have to rely exclusively on the incumbent LEC
4 for the provision of service. Interconnection rates and structures should encourage
5 companies to invest in plant, which would inure to the benefit of Florida's
6 economy. I recommend that the Commission look down the road to consider how
7 the structure for interconnection fits into the ultimate goal of achieving full and
8 widespread competition so that as many consumers as possible benefit from the
9 widest possible range of choice as quickly as possible. The Commission should
10 view the competitive local market as evolving and thus should adopt policies today
11 which promote the changes and advances that competition promises.

12 **Q. Based upon these criteria, what is the most appropriate interconnection**
13 **arrangement?**

14 A The most appropriate arrangement is a "bill and keep" arrangement.

15 **Q. Describe how a "bill and keep" arrangement operates.**

16 A. I understand that "bill and keep" is the method often used as an interconnection
17 arrangement between incumbent LECs when interconnecting with each other's
18 facilities today in Florida. With "bill and keep," two participants exchange traffic
19 originating on their own facilities bound for termination on the other's facilities at
20 some agreed-upon point. Each participant bears the cost of its own facilities,
21 keeping the revenues it generates and not charging the other participant to use its
22 facilities.

1 **Q. Why do you recommend a “bill and keep” arrangement?**

2 **A.** There are a number of reasons why I recommend a “bill and keep” arrangement.

3 First, it is reciprocal, thus acknowledging that all participants in the local exchange

4 market are co-carriers. Competing local exchange carriers should be treated as co-

5 carriers, meaning as carriers having equal status with the incumbent LEC, in light

6 of the fact that the public necessity for interconnection is mutual once an entrant

7 signs up its first customer. Once an entrant gains that first customer, both the

8 incumbent LEC and the ALEC have a mutual and equal need for services and

9 compatible systems to enable their customers to reach all other telephone

10 subscribers in the local calling area, maintaining the maximum number of features.

11 Second, because “bill and keep” is the least-cost method of compensation, it is the

12 approach that is most likely to encourage lower local exchange rates for

13 consumers.

14 Third, “bill and keep” presents the least possibility of creating barriers to entry.

15 With “bill and keep,” it is unlikely that the compensation mechanism will place

16 unnecessary and unfair burdens upon the ALECs, as they enter the market with

17 limited resources that are better spent investing in the companies’ facilities to offer

18 better service in wider areas.

19 Fourth, “bill and keep” provides economic incentives for ALECs to invest in and

20 strengthen the State’s local telecommunications infrastructure and its economy

21 through job creation and purchases of goods and services. It will encourage

22 expansion of the Florida PSN and multiple points of interconnection, increasing

1 reliability. It is also neutral in terms of both the technology and architecture that
2 ALECs might choose to adopt. Compensation arrangements for terminating traffic
3 must not inhibit the ALECs' choice of technology or architecture. This is a crucial
4 goal if the regulatory environment is to allow for flexibility and feature
5 enhancements in the future.

6 Fifth, "bill and keep" is necessary in order to achieve traffic flow balance. In other
7 words, traffic carried on each participant's facilities on the Florida PSN is more
8 likely to be balanced between terminating and originating traffic, i.e., the minutes
9 of use of inbound traffic equals the outbound minutes of use.

10 Finally, any other method of interconnection involving compensation is dangerous.
11 Compensation, in any form, is an incentive that will drive behavior. It is difficult to
12 foresee the behavior that might develop, but I will illustrate one type of behavior
13 that could occur. To avoid paying under a reciprocal compensation arrangement
14 based on terminating traffic, an ALEC could direct its marketing efforts toward
15 inbound calling customers. This would skew the reciprocal compensation being
16 paid toward the ALEC. It could just as readily be skewed in the other direction,
17 depending on the incumbent LECs' practices. The only method of compensation
18 for interconnection that will diminish the need for regulatory intervention and
19 contention between the service providers, perhaps involving the general public, is a
20 "bill and keep" arrangement.

21 **Q. How does "bill and keep" minimize costs that could otherwise act as a barrier**
22 **to entry?**

1 A. Once the conditions for effective competition have been met, it is certain that the
2 amount of compensation owed to one participant would be offset by the amount
3 owed to the other. Unless there are significant distortions between facilities, the
4 traffic exchanged by participants tends to be in approximate balance over time.
5 This means that it is inefficient for companies to develop measurement and billing
6 arrangements that can significantly increase the cost of doing business when the
7 amounts to be paid are going to cancel out over relatively short periods of time.
8 The cost of such equipment which measures traffic in today's climate is immense.
9 Moreover, new and imminent technologies, such as personal communications
10 systems (PCS), might or might not be compatible with such equipment, which
11 could mean investment dollars earmarked for infrastructure development could
12 well be wasted on equipment which serves only to front load costs onto
13 competitors.

14 **Q. Have any other states adopted "bill and keep?"**

15 A. Yes. The commissions in Connecticut and California have done so. In addition to
16 the simplicity of "bill and keep," these commissions believe it is too difficult to
17 predict the outcome of any compensation schemes or their impact on competition.
18 As such, they did not want to adopt any plan which would clearly place one
19 company at an advantage over another, as an immediate compensation plan based
20 on minutes-of-use would. "Bill and keep," with a provision for traffic that is
21 substantially out of balance, allows new entrants to predictably invest in facilities
22 and expansion of the Florida PSN to the public good.

1 **Q. Should the incumbent LECs' interconnection rates be tarified?**

2 A. I do not have a position on this issue at this time.

3 **Q. What are the appropriate technical and financial arrangements which should**
4 **govern interconnection between Continental and incumbent LECs for the**
5 **delivery of calls originated and/or terminated from carriers not directly**
6 **connected to Continental's facilities?**

7 A. Incumbent LECs should provide intermediary tandem switching and transport to
8 connect Continental's end users to any other provider of service on Florida's PSN
9 for the purpose of making local and toll calls. These procedures benefit consumers
10 not only to complete calling efforts, but to provide alternative paths when normal
11 trunks are busy. At critical times, e.g., during hurricanes, they minimize the
12 opportunity for communities to become isolated. The ALECs should be permitted
13 to reciprocate this arrangement.

14 **Q. What are the appropriate technical and financial requirements for the**
15 **exchange of intraLATA 800 traffic which originates from a Continental**
16 **customer and terminates to an 800 number served by an incumbent LEC?**

17 A. Incumbent LECs should compensate Continental for the origination of 800 traffic
18 terminated to them pursuant to Continental's originating switched access charges.
19 Continental will provide to incumbent LECs the appropriate records necessary for
20 them to bill their customers. At such time as Continental elects to provide 800
21 services, incumbent LECs should reciprocate this arrangement.

1 **Q. What are the appropriate technical arrangements for the interconnection of**
2 **Continental's facilities to the incumbent LECs' 911 provisioning facilities**
3 **such that Continental's customers are ensured the same level of 911 service**
4 **as they would receive as a customer of an incumbent LEC?**

5 A. Continental's customers must have the same level of access to reliable 911 service
6 as customers of the incumbent LECs. For basic 911 service, the incumbent LECs
7 should provide a list consisting of each municipality in Florida that subscribes to
8 basic 911 service. The list will also provide the E911 conversion date and, for
9 network routing purposes, a ten-digit directory number representing the
10 appropriate emergency answering position for each municipality subscribing to
11 basic 911 service. Continental should arrange to accept 911 calls from its
12 customers in municipalities that subscribe to basic 911 service and translate the
13 911 call to the appropriate ten-digit directory number as stated on the list provided
14 by the incumbent LEC and route that call to the incumbent LEC at the appropriate
15 tandem or end office. When a municipality converts to E911 service, Continental
16 should discontinue the basic 911 procedures and begin the E911 procedures.

17
18 For E911 service, Continental should connect Feature Group D trunks to the
19 appropriate E911 tandem, including the designated secondary tandem. If a
20 municipality has converted to E911 service, Continental should forward 911 calls
21 to the appropriate E911 primary tandem, along with Automatic Number
22 Identification ("ANI"), based upon the current E911 end office to tandem homing

1 arrangement as provided by incumbent LECs. If the primary tandem trunks are
2 not available, Continental should alternate route the call to the designated
3 secondary E911 tandem. If the secondary tandem trunks are not available,
4 Continental should alternate route the call to the appropriate Traffic Operator
5 Position System (TOPS) tandem.

6 Under my proposal, 911 services will be preserved for the communities that
7 Continental serves. Arrangements should be made to bill Continental's customers
8 in order to appropriately compensate the entity providing 911 emergency services.
9 Continental reserves the right to deal directly with the 911 entity.

10 **Q. What procedures should be in place for the timely exchange and updating of**
11 **Continental customer information for inclusion in appropriate E911**
12 **databases?**

13 **A.** In order to ensure the proper working of the system along with accurate customer
14 data, Continental should provide daily updates to the E911 database. The
15 incumbent LECs must be required to work cooperatively with Continental to
16 define record layouts, media requirements and procedures for this process.

17 **Q. What are the appropriate technical requirements for operator traffic flowing**
18 **between Continental's operator services provider and the incumbent LECs'**
19 **operator services providers including busy line verification and emergency**
20 **interrupt services?**

1 A. Continental and the incumbent LECs should mutually provide each other busy line
2 verification and emergency interrupt services. Continental should individually
3 negotiate interconnection arrangements with each LEC.

4 **Q. Under what terms and conditions should the incumbent LECs be required to**
5 **list Continental's customers in their directory assistance database?**

6 A. The incumbent LECs should include Continental's customers' primary listings
7 (residence and business listings) and yellow page (business) listings in their
8 directory assistance database at no charge.

9 **Q. Under what terms and conditions should an incumbent LEC be required to**
10 **list Continental's customers in its universal white and yellow pages**
11 **directories and to publish and distribute these directories to Continental's**
12 **customers?**

13 A. The incumbent LECs should include Continental's customers' primary listings in
14 the white page and yellow page directories, distribute directories to the customers
15 of each and recycle all customers' directory books at no charge. Continental and
16 the incumbent LECs should work cooperatively on issues concerning lead time,
17 timeliness, format, and content of list information.

18 **Q. What arrangements are necessary to ensure that Continental can bill and**
19 **clear credit card, collect, third party calls and audiotext calls?**

20 A. The incumbent LECs and Continental should bill and clear credit card, collect and
21 third party calls (calls where the recording company is different from the billing

1 company) through Centralized Message Distribution Service (CMDS) provided by
2 the incumbent LECs.

3 **Q. What arrangements are necessary to ensure the provision of CLASS/LASS**
4 **services between Continental and the incumbent LECs?**

5 A. Continental and the incumbent LECs should provide LEC-to-LEC Common
6 Channel Signaling (CCS) to one another, where available, in conjunction with all
7 traffic in order to enable full interoperability of CLASS features and functions. All
8 CCS signaling parameters should be provided, including ANI, Originating Line
9 Information (OLI) calling party category, charge number, etc. All privacy
10 indicators should be honored. Continental and the incumbent LECs should
11 cooperate on the exchange of Transactional Capabilities Application Point (TCAP)
12 messages to facilitate interoperability of CCS-based features between their
13 respective facilities. CCS should be provided Signal Transfer Point to Signal
14 Transfer Point.

15 The features provided to each customer should be billed by Continental or the
16 incumbent LEC providing service. I note that all Class 5 offices cannot provide
17 CLASS features. This dictates that all vertical features should be part of the “bill
18 and keep” arrangement.

19 **Q. Does that conclude your testimony?**

20 A. Yes.

ALBERT RICHARD SCHLEIDEN
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Work Experience

- 1993 - Present General Manager for Continental Fiber Technologies, Inc. d.b.a. AlterNet and several Continental Telecommunications Companies including Continental Florida Telecommunications, Inc. Manager of all the disciplines of the telephone companies. As GM of AlterNet in the AAV business, developed a team of professionals getting a dynamic start in IXC carrier access and private line services. Prepared AlterNet for entrance into the competitive dial tone business. Deployed an all fiber SONET MAN in Jacksonville providing the highest quality and reliable service in the industry. Managing an annual capital budget of over \$10M and an expense budget of approximately \$5M and 30 personnel.
- 1990 - 1991 Director of Sales for Intermedia Communications of Florida, Inc. Management of Sales personnel and corporate marketing responsibilities. Managed and trained a sales force of six. Brought two new services to the marketplace in first five months. Increased monthly recurring revenues \$60,000 in the same time period.
- 1988 - 1989 Account Executive through voluntary redeployment to Major Markets Sales. Managed the redeployment/new hiring effort of the Tampa Major Markets Sales Office. Thirteen people were relocated to Tampa, trained and organized into an effective sales team. Account Executive duties include selling the entire AT&T product line, focusing on network applications. Sales include very large competitive winbacks.
- 8/86 - 8/88 District Manager, Product Manager for DATAPHONE^R Digital Service. Directly managed a marketing team of about 10 people developing sales and marketing strategies and tactics for this 1/2 billion dollar product. Matrix managed a corporate product team of about 100 for the implementation of the annual product plan. This premier data networking product is used exclusively by major business customers for highly reliable data transport. Product enhancements to prolong the growth stage of life cycle management was our thrust. It was showing a robust growth of about 22% annually. I interacted daily with customers, sales

personnel and other AT&T line entities to keep in touch with the realities of the marketplace.

4/86 - 7/86

District Manager Parsippany (NJ), Business Sales and Support Center (BS&SC). This office was similar in size and scope to the one in Pittsburgh. One notable difference was an international organization managing all orders from Canada and Mexico.

2/84 - 3/86

District Manager, Pittsburgh Business Sales and Support Center (BS&SC). I directed three sub-organizations - Primary Account Sales Center (PASC) - Service Order Entry Center (SOEC) and Account Inquiry Center (AIC) and several smaller support organizations. The force of 200 manages 250,000 accounts and \$150 million revenue on a budget of \$5.6 million. The PASC is a reactive and proactive state of the art telemarketing center. The SOEC processes orders on the most sophisticated widely distributed order entry system in the nation. The AIC handles claims, collection, credit management and sales (referrals) while maintaining a positive image with our customer base. The strengths of the organization are order quality and timeliness with an eye toward productivity increases (SOEC); aggressive marketing and sales techniques (PASC); and innovative problem solving (all) through excellent personnel management.

10/82 - 2/84

Staff Manager of a Headquarters District of 25 persons and a budget of 1.6M. This organization of subject matter experts supports the National Sales Force (NSF) of National Account Managers (NAMs) and Intercity Service Group (ISG). The support includes systems, order procedures, special billing, claims, collections, measurements and other sales and administrative support. This support requires extensive interfunctional interface with other headquarters organizations on company policy and procedures. Late in 1982, I reduced 2nd level manager groups from 12 to 7 while enhancing their managerial positions. During this period, we managed the NSF through the Computer Inquiry (CI) II transition. I integrated this organization into AT&T-C Headquarters Sales Operations for divestiture.

7/82 - 10/82

Market Manager - Served as Certification Manager and Certification Board Manager. Acted as NAM consultant for Business Services Segment on Account Management, Business Function Systems Selling and Certification.

- 1979 - 1982 National Account Manager - Automatic Data Processing, Inc. (ADP) with total Bell billed revenue of approximately 35 million dollars (a 94% increase over the 3 years). Established the National Account Team and developed to an organization of 25 on a budget of \$1.2M. Positioned the NAM and appropriate team members with the highest executive levels in ADP and each of its divisions. Managed improved service results through the operations department and Bell Operating Companies at executive levels. Personally sold and tutored sales personnel in large sales including data terminals and telemarketing. Detailed account planning with the team and BOCs. Performance took account team to the President's Club for two successive years (1981-1982). Certified Industry Consultant (IC) along with five of six subordinate Account Executive (AEs).
- 7/76 - 8/79 Staff Supervisor of Product Marketing in Product Management at Long Lines Headquarters, July 1, 1976, to August 1, 1979. Developed sales stimulation packages for selected data products (DATAPHONE Service, DDS, Network Control Systems, ACS, DSAS, and low speed terminals) from brochures to multi-media productions. Directly supported field sales personnel in seminars and client presentations and proposals. Managed direct marketing program.
- 1974 Sales Staff Data Specialist - Interpret tariffs and provide technical expertise on all data matters to sales organization.
- 1972 Basic Plans Engineer - Staff Supervisor - Long range engineering - Managerial responsibilities for a two-state area.
- 1971 Personnel Assessment Center - Assess vocational personnel for management potential.
- 1969 Engineering intercompany Services Coordinator - Administer methods and controls for implementing private line telephone, telegraph and data services.
- 1968 Engineering Staff Supervisor - Administrative responsibilities associated with the design engineering of telephone and data services.
- 1967 Electronic Data Processing Staff Supervisor - Supervising the implementation of new engineering data processing systems.

- 1965 Plant Network Manager - Administrative duties dealing with the serviceability of several large national accounts.
- 1964 Transmission Supervisor - Coordinating the installation of interstate private line telephone services.
- 1963 Transmission Supervisor - Administrative and supervisory responsibilities with regard to installation and maintenance of private line telephone services.
- 1962 Telegraph Service Supervisor - Administrative and supervisory responsibilities with regard to installation and maintenance of private line telegraph services.
- 1958 - 1962 Vocational technician and Engineering Assignments.

Employment prior to AT&T

Bell Telephone Company of Pennsylvania - Accounting
Methodist Publishing House



Florida House of Representatives

PETER RUDY WALLACE, SPEAKER OF THE HOUSE

COMMITTEE ON UTILITIES & TELECOMMUNICATIONS

SCOTT W. CLEMONS
CHAIR

August 17, 1995

SHARON J. MERCH
VICE CHAIR

Susan Clark, Chairman
Public Service Commission
Gerald L. Gunter Building
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Dear Chairman Clark:

I am pleased to learn of the plans the Public Service Commission has made to implement Chapter 95-403, the telecommunications act. For Florida to realize competition as quickly as the Legislature intended, a rather ambitious schedule was included in the act's framework. And, the PSC was tasked with a variety of responsibilities to make the January 1, 1996, starting date for competition a realistic one. It appears that your agency is striving to meet that schedule.

Having worked closely with the Legislature during the development of the telecommunications legislation, you are aware of the law's two important goals: protecting consumers and encouraging competition. And, you know that the Legislature believes that in the final analysis competition will prove to be the ultimate consumer protection.

The Legislature has passed the law, thus clearly stating our intent that in the near future Floridians should have a choice in local telephone service. It now falls to the PSC to determine if our hopes for a quick emergence of competition will become a reality. In short, we will be observing the PSC's efforts to change its mission from the previous one--being the surrogate for competition--to its new role as the catalyst of competition.

For example, the Legislature's concern for both consumer protection and the development of competition was evidenced in the act's provisions for universal service. In this issue the consumer benefits are self-evident, however, the Legislature also evidenced a concern about its impact on competition. The act refers specifically to the PSC's determining a *mechanism* to provide for universal service. Legislators knew that after considering various mechanisms, the PSC might eventually decide that a fund is necessary. However, they were concerned that a fund could prove to be anti-competitive and so desired the consideration of a variety of options.

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Chairman Susan Clark
August 17, 1995

Based on a review of the actual list of staff-identified issues provided at a July meeting, the commission appears not to be limiting itself to a fund; however, the title of the proceeding is "Determination of *Funding* for Universal Service and Carrier of Last Resort Responsibilities," and the use of the word "funding" may signal a conflict with the notion of considering other options as well.

Another issue before you that could have an impact on the rapid development of competition requirement that ALEC's file tariffs for all services. Legislative intent provides that the Commission is to encourage competition through "flexible regulation" and "by allowing a transitional period in which new entrants are subject to a lesser level of regulatory oversight." I know the tariff issue will be a difficult one to resolve, and I do not presume to recommend to you which way you should decide. I write only to emphasize that the impact of your decision on the pace of the growth of competition must be weighed heavily.

Other issues I understand the PSC will face are the charges assessed payphone operators by incumbent LEC's and the timing of establishing payphone operators' eligibility to subscribe to flat-rate, single-line business local exchange services, as called for in the law. As before, I do not presume to tell you what to decide in these cases. However, I do request that you consider how your decision will aid in fostering competition.

A final example provided to illustrate my interest in stimulating competition and in recognition of the complex nature of the issues you will face regards access to poles, conduits, rights-of-way and other facilities--access which is required pursuant to the law. Section 14 of ch. 95-403, Laws of Florida, does not explicitly provide for the parties to address the PSC should they fail to mutually agree on rates and conditions of access. However, in other similar circumstances, pursuant to the law parties may petition the PSC to bring about a legislatively-mandated agreement. The absence of a means of bringing the PSC into the process may have an impact on a party's ability to compete in a timely fashion. This should be considered when deciding the issue of access to poles, conduits, rights-of-ways, and other facilities.

I am confident that under your leadership the PSC can meet the challenge of transforming itself from the substitute for to the catalyst of competition. I am comfortable relying upon your and your colleagues' judgement and expertise. I write and offer these examples to assure you that I am cognizant of the complexity of your challenges and to emphasize the legislature's keen desire that competition--the biggest consumer protection encompassed in the new law--be encouraged with all deliberate speed.

Sincerely,



Scott W. Clemons
Chairman, Commission on Utilities &
Telecommunications

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that copies of the foregoing: (1) Amended Petition of Continental; and (2) Direct Testimony of A. R. (Dick) Schleiden; were furnished by hand delivery (*) and/or next day express this 20th day of October, 1995, to the following:

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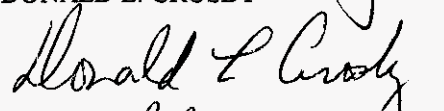
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October 20, 1995
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