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October 7, 1996

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

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 Rebuttal 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,

Michael W. Tye

- ACK _____
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- APP _____
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- CMU _____
- CTR _____
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- WAS _____
- OTH _____

Attachments

cc: Parties of Record

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REBUTTAL TESTIMONY OF

MIKE GUEDEL

ON BEHALF OF AT&T COMMUNICATIONS

OF THE SOUTHERN STATES, INC.

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 950737-TP

FILED: OCTOBER 7, 1996

Q. WILL YOU PLEASE IDENTIFY YOURSELF?

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

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCES.

A. I received a Master of Business Administration with a concentration in Finance from Kennesaw State College, Marietta, GA in 1994. I received a Bachelor of Science degree in Business Administration from Miami University, Oxford, Ohio.

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1 Over the past years, I have attended numerous
2 industry schools and seminars covering a variety of
3 technical and regulatory issues. I joined the Rates
4 and Economics Department of South Central Bell in
5 February of 1980. My initial assignments included
6 cost analysis of terminal equipment and special
7 assembly offerings.

8
9 In 1982, I began working on access charge design and
10 development. From May of 1983 through September of
11 1983, as part of an AT&T task force, I developed
12 local transport rates for the initial National
13 Exchange Carrier Association (NECA) interstate
14 filing. Post divestiture, I remained with South
15 Central Bell with specific responsibility for cost
16 analysis, design, and development relating to
17 switched access services and intraLATA toll. In
18 June of 1985, I joined AT&T, assuming responsibility
19 for cost analysis of network services including
20 access charge impacts for the five South Central
21 States (Alabama, Kentucky, Louisiana, Mississippi,
22 and Tennessee).

23

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

25

1 A. My current responsibilities include directing
2 analytical support activities necessary for AT&T's
3 provision of intrastate communications service in
4 Florida and other southern states. This includes
5 detailed analysis of access charges and other Local
6 Exchange Company (LEC) filings to assess their
7 impact on AT&T and its customers. In this capacity,
8 I have represented AT&T through formal testimony
9 before regulatory commissions in the states of
10 Florida, Georgia, Kentucky, and South Carolina.

11

12

13 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

14

15 A. The purpose of my testimony is to rebut some of the
16 assertions and specific conclusions of witness
17 Menard on behalf of GTE and witness Harris on behalf
18 of MFS Communications Company.

19

20

21 **Q. MS. MENARD STATES AT PAGE 3, LINES 6 THROUGH 8, THAT**
22 **"TO THE EXTENT THE COMMISSION HAS ALREADY DONE THIS**
23 **[REQUIRED THAT TARIFFS FOR INTERIM NUMBER**
24 **PORTABILITY BE FILED], IT [THE COMMISSION] HAS**
25 **COMPLIED WITH THE NUMBER PORTABILITY ORDER AND THE**

1 **INQUIRY INTO COST RECOVERY METHODOLOGY SHOULD BE AT**
2 **AN END." DO YOU AGREE WITH THIS POSITION?**

3
4 A. No. The Federal Communications Commission (FCC)
5 clearly recognizes the freedom of states to require
6 tariffs for Interim Number Portability (INP)
7 solutions (paragraph 127, CC Docket No. 95-166,
8 First Report and Order and Further Notice of
9 Proposed Rulemaking, released July 2, 1996). The
10 FCC also sought to "give the states some
11 flexibility" in adopting cost recovery mechanisms
12 that are "consistent with the statutory mandate."
13 However, there does not appear to be any language in
14 the above referenced FCC Order that would relieve
15 companies (or permit the states to relieve
16 companies) of their statutory obligations simply by
17 filing a tariff.

18
19 The Telecommunications Act of 1996 requires that
20 cost recovery be done in a competitively neutral
21 manner. The FCC has determined that "competitive
22 neutrality" requires that the incumbent LECs share
23 proportionately in the recovery of the costs
24 associated with the provision of INP. The existence
25 of a tariff will not change these requirements.

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Q. MR. HARRIS STATES AT PAGE 6, LINES 12 AND 13, THAT "MFS BELIEVES THAT CARRIERS SHOULD ABSORB THEIR OWN COSTS OF PROVIDING PORTABILITY ARRANGEMENTS." DO YOU AGREE WITH THAT POSITION?

A. Yes. This position, expressed by Mr. Harris, appears to be consistent with the position that I have advocated through my direct testimony. It is the most straightforward method of meeting the FCC's standard of competitive neutrality.

Q. MR. HARRIS ARGUES LATER IN HIS TESTIMONY THAT IF THE COMMISSION WERE TO REJECT HIS INITIAL PROPOSAL THEN IT SHOULD CONSIDER AS AN ALTERNATIVE A RECOVERY SYSTEM BASED UPON "NET REVENUES." DO YOU AGREE WITH HIS POSITION?

A. No. The "net revenue" mechanism is unduly complicated and not justified by the anticipated duration or anticipated provisioning cost of interim portability.

First, this mechanism would require all providers of

1 telecommunications services to account for, and
2 report appropriate revenues to, I presume, some
3 central clearing source. The revenue reporting
4 must be auditable and presumably audited
5 periodically to ensure compliance with the proposed
6 rule.

7
8 Second, the mechanism would require a determination
9 of what appropriately constitutes "intrastate
10 telecommunications revenues." Proponents of this
11 revenue mechanism generally seek a broad application
12 - including revenues from Local Exchange Service
13 Providers, Mobile Carriers, Interexchange Carriers,
14 and perhaps Pay Telephone providers, Alternative
15 Access Vendors, Cable TV providers, etc. Such a
16 scope would not be appropriate because it would
17 essentially allow the "taxation" of service revenues
18 not associated with portability arrangements. But
19 in any event, a line would have to be drawn
20 somewhere.

21
22 Third, once the appropriate scope is determined, a
23 further company specific, service specific analysis
24 might be required. Assume, for example, that cable
25 TV revenues were not to be included in the adopted

1 mechanism. If, under this arrangement, a particular
2 service provider were to offer a package of basic
3 local service and basic cable TV service for a flat
4 rate per month (say \$50.00), what part of that
5 revenue should be associated with "local telephone
6 service"?

7
8 Arguably all of these issues could ultimately be
9 answered or decided by this Commission, and rules
10 could be established. Could such rules, once
11 determined, be enforced? Maybe. Would the process
12 be worth the effort? Probably not. Given the brief
13 anticipated life of the interim portability
14 arrangements, a less complex solution would seem to
15 be more useful at this time.

16

17

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

19

20 **A. Yes.**

CERTIFICATE OF SERVICE

DOCKET NO. 950737-TP

I HEREBY CERTIFY that a true copy of the foregoing has been furnished by U. S. Mail or hand-delivery to the following parties of record this 7th day of October, 1996:

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