

GTE FLORIDA INCORPORATED  
DIRECT TESTIMONY OF BEVERLY Y. MENARD  
DOCKET NO. 961537-TP

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH GTE FLORIDA INCORPORATED (GTEFL).

A. My name is Beverly Y. Menard. My business address is One Tampa City Center, Tampa, Florida 33601-0110. My current position is Regional Director - Regulatory and Industry Affairs.

Q. WILL YOU BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE?

A. I joined GTEFL in February 1969. I was employed in the Business Relations Department from 1969 to 1978, holding various positions of increasing responsibility, primarily in the area of cost separations studies. I graduated from the University of South Florida in June of 1973 receiving a Bachelor of Arts Degree in Business Administration with an Accounting Major. Subsequently, I received a Master of Accountancy Degree in December of 1977 from the University of South Florida. In March of 1978, I became Settlements Planning Administrator with GTE Service Corporation. In January of 1981, I was named Manager-Division of Revenues with GTE Service Corporation, where I was responsible for the administration of the GTE division of revenues procedures and the negotiation of settlement matters

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1 with AT&T. In November of 1981, I became Business Relations  
2 Director with GTEFL. In that capacity, I was responsible for the  
3 preparation of separations studies and connecting company  
4 matters. Effective February 1987, I became Revenue Planning  
5 Director. In this capacity, I was responsible for revenue, capital  
6 recovery and regulatory issues. On October 1, 1988, I became  
7 Area Director - Regulatory and Industry Affairs. In that capacity,  
8 I was responsible for regulatory filings, positions and industry  
9 affairs in eight southern states plus Florida. In August 1991, I  
10 became Regional Director - Regulatory and Industry Affairs for  
11 Florida. I am responsible for regulatory filings, positions and  
12 industry affairs issues in Florida.

13  
14 **Q. HAVE YOU EVER TESTIFIED BEFORE THE FLORIDA PUBLIC**  
15 **SERVICE COMMISSION?**

16 **A.** Yes. I have testified before this Commission on numerous  
17 occasions.

18  
19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 **A.** The purpose of my testimony is to present the position of GTE  
21 regarding number portability. Included within my testimony is an  
22 identification of issues existing between GTE and American  
23 Communications Services, Inc. and its affiliates ("ACSI") related to  
24 number portability.

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Q. HAS THIS COMMISSION PREVIOUSLY CONSIDERED THE ISSUE OF INTERIM NUMBER PORTABILITY ("INP")?

A. Yes. In Docket No. 950737-TP, the Florida Public Service Commission approved the use of Remote Call Forwarding (RCF) for INP. GTEFL filed tariffs reflecting the Commission's decision effective January 1, 1996.

Q. PLEASE PROVIDE A BRIEF OVERVIEW OF GTE'S POSITION CONCERNING NUMBER PORTABILITY.

A. The Telecommunications Act of 1996 (the "Act") requires all local exchange carriers to provide number portability to the extent "technically feasible" and "currently available". Until the implementation of long-term number portability, there are several methods available to provide interim number portability ("INP"), and GTE has negotiated with alternative local exchange carriers ("ALECs") over methods and pricing of INP. The FCC has already issued regulations relating to INP which broadly regulate its terms, conditions and rates. See In re Telephone Number Portability, First Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 95-116, FCC 96-286 (released July 2, 1996) (the "Number Portability Order"). GTE's position with regard to INP is consistent with these regulations and the additional requirements imposed on INP by various State commissions.

1 Q. HOW IS YOUR TESTIMONY STRUCTURED?

2 A. The remainder of my testimony is divided into four sections as  
3 follows: Section A presents a summary of the testimony; Section B  
4 sets forth what the Act and the FCC regulations require; Section C  
5 discusses open issues between the parties with regard to INP; and  
6 Section D sets forth GTE's position on these issues and shows how  
7 this position is entirely consistent with the requirements of both the  
8 Act and the FCC's Number Portability Order.

9

10 **SECTION A: SUMMARY**

11 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

12 A. Remote Call Forwarding ("RCF") and Direct Inward Dialing ("DID")  
13 are currently available methods for providing number portability that  
14 will provide ACSI with the full benefit of INP, with the least amount of  
15 modification to GTE's current network. While both are subject to  
16 disadvantages that make them unfit for long-term portability, GTE  
17 believes that these disadvantages do not preclude the use of RCF or  
18 DID for INP. RCF and DID are currently available solutions. Even  
19 using RCF and DID, however, GTE will incur significant costs that it  
20 is entitled to recover. Even if competitive neutrality is applicable to  
21 cost recovery for INP, GTE and all other carriers should be able to  
22 recover their tariffed rates to the extent such tariffs have already been  
23 filed or, alternatively, recover the costs of INP through a ccst pooling  
24 system.

25

1                   **SECTION B: NUMBER PORTABILITY AND "THE ACT"**

2           **Q.    DOES THE TELECOMMUNICATIONS ACT OF 1996 ADDRESS**  
3           **NUMBER PORTABILITY?**

4           **A.    Yes.** Section 251(b) of the Act requires all telecommunications  
5 carriers "to provide, to the extent technically feasible, number  
6 portability in accordance with requirements prescribed by the  
7 Commission." 47 U.S.C. § 251(b) (1996). Number portability is  
8 defined by the Act as "the ability of users of telecommunications  
9 services to retain, at the same location, existing telecommunications  
10 numbers without impairment of quality, reliability, or convenience  
11 when switching from one telecommunications carrier to another." 47  
12 U.S.C. § 153(30) (1996). With regard to pricing of number portability,  
13 the Act states that "[t]he cost of establishing . . . number portability  
14 shall be borne by all telecommunications carriers on a competitively  
15 neutral basis as determined by the [FCC]." 47 U.S.C. § 251(e)(2)  
16 (1996).

17  
18           In July 1996, the FCC released its regulations regarding number  
19 portability. See Number Portability Order. The FCC regulations  
20 establish a schedule whereby telephone companies will be required  
21 to implement long-term number portability using database methods.  
22 See id. ¶¶ 77-81. With regard to INP, the Number Portability Order  
23 held that "currently RCF and DID are the only methods technically  
24 feasible," and thus required local exchange carriers "to offer number  
25 portability through RCF, DID and other comparable methods. . . ." Id.

1 ¶ 110. These are the only criteria established by the FCC with regard  
2 to INP. The FCC established nine performance criteria for long-term  
3 number portability, but did so solely in that context. See Number  
4 Portability Order ¶ 48.

5  
6 The FCC regulations also establish guidelines for State commissions  
7 to follow in setting the rates for INP. Alternatively, however, the State  
8 commission may require carriers to file a tariff, in which case the  
9 guidelines do not necessarily apply. Id. ¶ 127. With regard to the  
10 FCC's guidelines, the FCC defines the cost of providing INP as being  
11 the "incremental cost incurred by a LEC to transfer numbers initially  
12 and to subsequently forward calls to new service providers using  
13 existing RCF, DID, or other comparable measures." Id. ¶ 129. The  
14 FCC provided that any mechanism for the recovery of these costs  
15 must be "competitively neutral," meaning that it must meet two  
16 criteria. First, it "should not give one service provider an appreciable,  
17 incremental cost advantage over another service provider, when  
18 competing for a specific subscriber." Id. ¶ 132. Second, it "should  
19 not have a disparate effect on the ability of competing service  
20 providers to earn normal returns on their investment." Id. ¶ 135.  
21 Furthermore, assuming that ILECs will win customers away from  
22 ALECs, just as ALECs will win customers from ILECs, the FCC held  
23 that competitive neutrality requires a "reciprocal compensation  
24 arrangement" with the rate paid by the ILEC to the ALEC equal to that  
25 paid by the ALEC to the ILEC. Id. ¶ 137.

1 Q. WHAT TYPE OF COSTS WILL BE INCURRED BY GTE RELATED  
2 TO PROVIDING INTERIM NUMBER PORTABILITY?

3 A. As discussed in the testimony of the GTE pricing witnesses, all INP  
4 methods impose costs on the service provider that is providing INP.  
5 These costs can be classified as follows:

- 6  
7 • **Switching Costs:** These costs are incurred when the service  
8 provider reroutes the call (call forwarding and route indexing),  
9 changes the dialed digits (digit substitution) and adds digits  
10 (pseudo NPA code addition). Additional switching costs may  
11 be incurred where end offices exhaust their software capacity  
12 to provide these forwarding, indexing and digit manipulation  
13 functions.
- 14  
15 • **Transport Costs:** Service providers offering INP will incur the  
16 cost of transporting all ported calls from switch to switch.  
17 Many times, such transport may occur not only once but twice  
18 over the same trunks, potentially causing blockages and  
19 overuse of the network. To the extent trunking capacity is  
20 exhausted, this will impose an additional cost on the carrier.  
21 The trunks required for DID will also add to transport costs.
- 22  
23 • **Opportunity Costs:** Whenever a service provider provides  
24 number portability for a customer it has, of course, lost that  
25 customer. Thus, one of the costs of providing INP is the lost

1 opportunity of receiving revenues from that customer for other  
2 services that may have offset the costs of INP.

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#### SECTION C: THE POSITIONS OF GTE AND ACSI

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**Q. WHAT ARE THE DISPUTED ISSUES REGARDING NUMBER  
6 PORTABILITY?**

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**A.** ACSI has requested that GTE provide it with immediate INP, using  
8 RCF and DID at a rate determined by calculating GTE's total element  
9 long run incremental cost ("TELRIC") for providing INP. GTE  
10 contends that ACSI's pricing methodology will result in GTE being  
11 unable to recover the costs of INP and place it at a competitive  
12 disadvantage. The specific disputed number portability issues which  
13 must be resolved include:

14

15

(1) *What are GTE's costs for providing INP?*

16

17

**ACSI's Position:** GTE's costs should be determined by  
18 calculating GTE's TELRIC for providing the service assuming  
19 equipment deployed today, which would only include GTE's  
20 capital costs and certain costs of supporting the investment to  
21 provide INP, such as taxes, depreciation and maintenance.

22

ACSI believes that a competitively neutral allocation of  
23 TELRIC costs that does not require new entrants to bear all of  
24 the cost of implementing currently available number portability  
25 should take place. ACSI suggests that it should contribute to

25



1 the costs of interim number portability an amount based upon  
2 its size relative to GTE and other carriers the Commission  
3 determines must contribute.

4  
5 **GTE's Position:** GTE's costs should be determined according  
6 to the forward-looking methodology allowed by the FCC's  
7 Number Portability Order. Thus, GTE's costs assume the  
8 network in place today, and allow for capital costs, transport  
9 and termination costs, opportunity costs and the costs of  
10 supporting the investment in INP.

11  
12 (2) *How should GTE's rate for number portability reflect*  
13 *"competitive neutrality"?*

14  
15 **ACSI's Position:** "Competitive neutrality" requires that the  
16 cost of INP be apportioned among all competitive telephone  
17 service providers, including GTE.

18  
19  
20 **GTE's Position:** "Competitive neutrality" means that no  
21 service provider, including GTE, faces a competitive  
22 disadvantage because of the cost of INP. To the extent GTE  
23 cannot recover its costs, it faces a competitive disadvantage.  
24 All carriers should be allowed to recover their costs according  
25 to tariffed rates or, alternatively, all carriers should be subject

1 to a system that collects the cost of number portability from  
2 end users.

3

4

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#### SECTION D: GTE's POSITION

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**Q. WHAT IS GTE'S POSITION CONCERNING THE DISPUTED  
7 ISSUES?**

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A. GTE believes that ACSI's positions concerning the following are  
9 incorrect. First, ACSI ignores certain costs borne by GTE to provide  
10 INP which can be charged to ACSI under the Act and the LCC's  
11 number portability order. Second, ACSI's interpretation of discounts  
12 is incorrect, and would result in GTE being at a competitive  
13 disadvantage.

14

15

16

**Q. SINCE GTEFL ALREADY HAS TARIFFS IN PLACE FOR RCF,  
17 SHOULD ANY CHANGES BE CONSIDERED IN THE RATES FOR  
18 RCF IN THIS DOCKET?**

19

A. No. As discussed previously, in the Number Portability Order, the  
20 FCC has stated the State commission may require carriers to file  
21 a tariff, in which case the guidelines do not necessarily apply.  
22 (Number Portability Order at ¶ 127.) In addition, since this issue  
23 affects all LECs and ALECs, hearings were scheduled in Docket  
24 No. 950737-TP to address this issue on November 25, 1996.  
25 GTEFL filed testimony in that proceeding addressing the issue of

competitive neutrality with respect to the pricing for interim number portability.

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

**A. Yes.**

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FILE COPY



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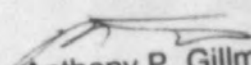
January 24, 1997

Re: Docket No. 961537-TP  
Petition by American Communications Services, Inc., and its local exchange  
operating subsidiaries, for Arbitration with GTE Florida Incorporated pursuant to  
the Telecommunications Act of 1996

Dear Ms. Bayo:

Please find enclosed for filing an original and fifteen copies of the direct testimony of  
Kirby D. Cantrell, Michael J. Doane, Gregory M. Duncan, Donald W. McLeod,  
Beverly Y. Menard, William E. Munsell, Bert I. Steele, and Dennis B. Trimble on behalf  
of GTE Florida Incorporated in the above matter. Service has been made as indicated  
on the Certificate of Service. If there are any questions regarding this matter, please  
contact me at (813) 483-2615.

Very truly yours,

  
Anthony P. Gillman  
APG:tas  
Enclosures

*Cantrell - 00930-97*  
*Doane - 00931-97*  
*Duncan - 00932-97*  
*McLeod - 00933-97*  
*Menard - 00934-97*  
*Munsell - 00935-97*  
*Steele - 00936-97*  
*Trimble - 00937-97*

**CERTIFICATE OF SERVICE**

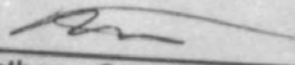
I HEREBY CERTIFY that copies of the direct testimony of Kirby D. Cantrell, Michael J. Doane, Gregory M. Duncan, Donald W. McLeod, Beverly Y. Menard, William E. Munsell, Bert I. Steele, and Dennis B. Trimble on behalf of GTE Florida Incorporated in Docket No. 961537-TP were sent via overnight delivery on January 23, 1997, to the parties listed below.

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