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November 18, 1997

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

RE: Docket No. 971044-TP (National Tel.)

Dear Ms. Bayo:

Enclosed is an original and fifteen copies of BellSouth Telecommunications, Inc.'s Direct Testimony of Jerry Hendrix and Margaret K. Thompson, which we ask that you file in the captioned docket.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served on the parties shown on the attached Certificate of Service.

Sincerely,

Nancy B. White (ke)

Nancy B. White

Norton

Enclosures

cc: All Parties of Record
A. M. Lombardo
R. G. Beatty
W. J. Ellenberg

3 Fungo

Thompson
DOCUMENT NUMBER-DATE
11815 NOV 18 97
FPSC-RECORDS/REPORTING

Hendrix
DOCUMENT NUMBER-DATE
11814 NOV 18 97
FPSC-RECORDS/REPORTING

CERTIFICATE OF SERVICE
Docket No. 971044-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was served via
U.S. Mail this 18th day of November, 1997 to the following:

Florida Public Service
Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

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Nancy B. White (ke)
Nancy B. White

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 TESTIMONY OF JERRY HENDRIX
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
4 DOCKET NO. 971044-TP
5 NOVEMBER 18, 1997

6
7 Q. Please state your name and company name and address.

8
9 A. My name is Jerry Hendrix. I am employed by BellSouth
10 Telecommunications, Inc. as Director - Interconnection Services
11 Pricing. My business address is 675 West Peachtree Street, Atlanta,
12 Georgia 30375.

13
14 Q. Please summarize your background and experience.

15
16 A. I graduated from Morehouse College in Atlanta, Georgia in 1975 with a
17 Bachelor of Arts Degree. I began employment with Southern Bell in
18 1979 and have held various positions in the Network Distribution
19 Department before joining the BellSouth Headquarters Regulatory
20 organization in 1985. On January 1, 1996 my responsibilities moved to
21 Interconnection Services Pricing in the Interconnection Customer
22 Business Unit .

23
24 Q. Have you testified previously?

25

1 A. Yes. I have testified in proceedings before the Alabama, Florida,
2 Georgia, Kentucky, Louisiana, Mississippi, South Carolina, and
3 Tennessee Public Service Commissions and the North Carolina Utilities
4 Commission.

5

6 Q. What is the purpose of your testimony?

7

8 A. The purpose of my testimony is to address the appropriateness of
9 BellSouth's "Charge for Processing Change in Service" or "Secondary
10 Service Charge" to National Telecommunications, Inc. (hereinafter
11 referred to as "NationalTel") when an existing BellSouth customer
12 obtains local service from NationalTel, a reseller of BellSouth's retail
13 services.

14

15 Q. What is the purpose of the "Charge for Processing Change in Service"
16 or "Secondary Service Charge?"

17

18 A. The purpose of the "Charge for Processing Change in Service" or
19 "Secondary Service Charge" is to recover the costs associated with
20 processing a service order for a customer that is transferring from
21 BellSouth to NationalTel.

22

23 Q. Under what circumstances does the "Secondary Service Charge"
24 apply?

25

1 A. The "Secondary Service Charge" as defined in A4.1 of the General
2 Subscriber Service Tariff, "applies per customer request for the
3 receiving, recording, and processing of customer requests to change
4 services or add new or additional services." Some of the functions
5 where the "Secondary Service Charge" is applied are for adding or
6 rearranging Custom Calling Services, Prestige® Communications
7 Service, TouchStar® Services, Ringmaster® Services, etc. The charge
8 also applies to transfers of responsibility, changing from residence to
9 business service and vice versa, rearrangements of drop wires,
10 protectors, and or network interfaces, etc.

11

12 *Registered Service Mark of BellSouth Corporation

13

14 Q. Why should BellSouth be allowed to recover the costs associated with
15 a customer transferring from BellSouth to NationalTel?

16

17 A. BellSouth should be allowed to recover the costs of such a transfer
18 because it actually incurs such costs. Failure to recover such costs
19 would in essence be paying a competitor to take your customers.

20

21 Q. By what authority is BellSouth assessing a "charge for processing
22 change in service" or "secondary service charge" to NationalTel?

23

24 A. The resale agreement entered into between BellSouth and NationalTel
25 on May 9, 1997 and approved by this Commission in Docket No.

1 970766-TP by Order No. PSC-97-1179-FOF-TP issued October 2,
2 1997 authorizes BellSouth to apply a "Charge for Processing Change
3 in Service " or "Secondary Service Charge" to NationalTel when an
4 existing BellSouth customer initiates local service from NationalTel as a
5 resale customer of BellSouth.

6
7 Section IV, Paragraph B of the Agreement addresses resold service.
8 This section states.

9
10 "Resold services are subject to the same terms and conditions
11 as specified for such services when furnished to an individual
12 end user of the Company in the appropriate section of the
13 Company's Tariffs."

14
15 The language is clear, when NationalTel resells a tariffed BellSouth
16 service, the same terms and conditions that BellSouth applies to its
17 customers will also apply to NationalTel. This would include "transfer of
18 responsibility." Section A4.2.4.C.1 of the General Subscriber Service
19 Tariff clearly states that a Secondary Service Charge applies for
20 "transfer of responsibility."

21
22 As Mr. Mansour states in his testimony in this Docket, "The
23 predominant NationalTel customer arrangement was for a current
24 BellSouth customer to be converted as a NationalTel resale customer,
25 with the customer maintaining the identical services and features of its
local service... This customer arrangement is referred to as "switch as
is" service, as no changes are made to the services and features

1 utilized by the customer." Thus, the customer of record for the service
2 is simply being changed from the BellSouth end user to NationalTel,
3 the reseller.

4
5 Q. Are there any other references in the resale agreement addressing
6 terms and conditions for resale of services?

7
8 A. Yes, Section III, Paragraph A of the Resale Agreement states the:

9
10 "Reseller may resell the tariffed local exchange and toll
11 telecommunications services of BellSouth contained in the
12 General Subscriber Service Tariff and Private Line Service Tariff
13 subject to the terms, and conditions specifically set forth herein.
14 Notwithstanding the foregoing, the exclusions and limitations on
15 services available for resale will be set forth in Exhibit B,
16 attached hereto and incorporated herein by this reference."

17
18 Q. NationalTel has stated that the "processing change charge" is not
19 appropriate for "switch-as-is." Do you agree?

20 A. No.

21
22 Q. Is there a significant difference in how the application of the "Secondary
23 Service Charge" is applied in a "switch-as-is" order from a reseller, as
24 opposed to transferring responsibility from one BellSouth end user to
25 another BellSouth end user?

1 A. No, there is not a significant difference in how the application of the
2 "Secondary Service Charge" for processing a "switch-as-is" order from
3 a Reseller as opposed to transferring responsibility from one BellSouth
4 end user to another BellSouth end user. Both applications involve the
5 receiving, recording and processing a service order. The service order
6 establishes new account information for the person assuming
7 responsibility for the services. Once the service order has been
8 processed, all billing, (e.g., local or long distance usage, ancillary
9 services, etc.) will be applied to the new account. This occurs as Mr.
10 Mansour points out in his testimony when a parent assumes
11 "responsibility for a child or other family member's account, or where a
12 new roommate takes over responsibility for telephone service in an
13 apartment." This also occurs when a reseller is taking over the local
14 service of an end user from BellSouth.

15
16 Q. Why is the charge referred to in the tariff as a "Secondary Service
17 Charge" and on NationalTel's bill as a "Charge for Processing Change
18 in Service?"

19
20 A. The phrase "Charge for Processing Change in Service" is simply a
21 more descriptive way to inform customers on the bill of why the charge
22 is being applied. In other words, the "Secondary Service Charge" and
23 the "Charge for Processing Change in Service" are one in the same.

24
25

1 Q. Should the discount be applied to the "charge for processing change in
2 service" or "secondary service charge?"

3

4 A. Yes, this Commission has determined that the discount should apply to
5 nonrecurring charges, such as the "Secondary Service Charge."

6

7 Q. Has the discount been applied to NationalTel's "Secondary Service
8 Charges?"

9

10 A. Since September 11, 1997, the discount has been applied to
11 NationalTel's nonrecurring charges. However, prior to this date, the full
12 tariff rate was applied. BellSouth is now in the process of refunding
13 any overcharges plus interest to NationalTel.

14

15 Q. What further action if any should the Commission take?

16

17 A. The Commission should find the "Charge for Processing Change in
18 Service" to be proper, and that BellSouth has authority to charge
19 NationalTel for "Transfer of responsibility."

20

21 Q. Does this conclude your testimony?

22

23 A. Yes.

24

25