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March 13, 1997

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. 971399-TP

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI Telecommunications Corporation ("MCI"), AT&T Communications of the Southern States, Inc. (AT&T) and Florida Competitive Carriers Association (FCCA) in the above referenced docket, are the original and 15 copies of the Direct Testimony of Sandra Seay.

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

Very truly yours,



Richard D. Melson

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AFA \_\_\_\_\_  
APP \_\_\_\_\_  
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CML Auto \_\_\_\_\_  
CTR \_\_\_\_\_  
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Enclosure  
cc: Parties of Record

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1                   **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
2                   **DIRECT TESTIMONY OF SANDRA SEAY**  
3                   **ON BEHALF OF**  
4                   **MCI TELECOMMUNICATIONS CORPORATION**  
5                   **AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.**  
6                   **AND**  
7                   **FLORIDA COMPETITIVE CARRIERS ASSOCIATION**  
8                   **DOCKET NO. 971399-TP**  
9                   **MARCH 13, 1998**

10  
11           **L**           **Qualifications**  
12

13   **Q.**   **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

14   **A.**   My name is Sandra Seay. My business address is: MCI Telecommunications  
15           Corporation, 780 Johnson Ferry Road, Suite 700, Atlanta, GA 30342.

16  
17   **Q.**   **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY.**

18   **A.**   I am employed by MCI Telecommunications Corporation ("MCI") as a Regional Support  
19           Manager in the Southeastern Region, Law and Public Policy group.

20  
21   **Q.**   **FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING.**

22   **A.**   I am testifying on behalf of MCI, AT&T and the Florida Competitive Carriers  
23           Association ("FCCA"), of which MCI is a member.

24  
25   **Q.**   **PLEASE STATE YOUR BACKGROUND AND QUALIFICATIONS.**

1    A.    I hold a B.A. degree in psychology from Kent State University in 1986. I joined  
2           MCI in 1988 as an entry level In-Bound Customer Service Representative. My  
3           major responsibilities were to answer calls from existing MCI residential  
4           customers, as well as potential customers. When I started in this customer  
5           service position, the telecommunications industry was still in the process of  
6           converting to equal access for interLATA competition. The majority of the calls  
7           handled in my service center were from residential customers working their way  
8           through interLATA competition for the first time. This exposed me to types of  
9           questions and concerns on the minds of customers in an environment in which  
10          they are presented with a choice of carriers.

11

12          I was promoted to supervisor of a team of twelve to sixteen inbound customer  
13          service representatives in 1989. In this position, the experience of providing  
14          guidance and coaching for my team allowed me to expand upon the training and  
15          experience I obtained as a representative. In order to minimize customer  
16          confusion and accompanying dissatisfaction, MCI's customer service  
17          representatives undergo continual monitoring and training to ensure that they  
18          supply accurate information to customers.

19

20          In 1991, I became a Manager I. In that position I managed the group which  
21          handles all FCC and state Public Service Commission complaints filed by  
22          customers. Through this experience, I gained an appreciation of the variety of  
23          service issues which are raised by business customers, as well as residential  
24          customers. Working with both the state Commissions and the local telephone  
25          companies, I supervised the investigation and resolution of customer complaints.

1 In 1994, I was promoted to a Manager II in the Southern Region Carrier  
2 Management organization. One of the main functions of my department was to  
3 build relationships with the various local telephone companies in the BellSouth  
4 and Southwestern Bell states in order to provide better service to our mutual  
5 customers. This required me to work with my LEC counterparts to craft  
6 resolutions to a number of service issues. It also gave me greater exposure to  
7 the capabilities of the MCI network, including billing systems and customer order  
8 processing, and the interaction of each of these MCI systems with those of the  
9 local exchange companies.

10  
11 In my current position, which I have held since April 1996, among other duties, I  
12 research and help formulate MCI's responses to issues raised by the various  
13 Public Service Commissions in the BellSouth states, as well as support our  
14 director and the attorneys in locating information needed for pending cases. I  
15 have previously testified about intraLATA business office practices before the  
16 Public Service Commissions in Kentucky, Georgia, and Florida. In Florida, my  
17 testimony was filed in Docket Nos. 930330-TP and 960658-TL.

18  
19 **Q. DO YOU HAVE PREVIOUS EXPERIENCE REGARDING THE ISSUES**  
20 **RAISED IN THIS MATTER?**

21 **A.** Yes. During 1995, when MCI, other IXC's, and LEC's were working through  
22 intraLATA equal access implementation issues in several southern states, I was  
23 MCI's main point of contact for BellSouth, GTE, Southwestern Bell, Bell  
24 Atlantic, and the independent local exchange companies. I worked with various  
25 groups within each local exchange company as the individual state commissions

1 ordered implementation of intraLATA equal access. Each final order has some  
2 variation, so many discussions took place to provide a seamless implementation  
3 for customers.  
4

5 With regard to BellSouth, I participated in a series of workshops held to identify  
6 and resolve implementation issues. We were successful in working through and  
7 resolving many areas of concern. Those which could not be resolved were the  
8 subject of the Joint Complaint which MCI, AT&T, and the FCCA (known at that  
9 time as FIXCA) with this Commission in Docket 960658-TL. Similar complaints  
10 were filed in Kentucky and Georgia. I testified in all three proceedings. All three  
11 Commissions recognized the need for competitively neutral intraLATA business  
12 office practices.  
13

14 **II. Purpose of Testimony**  
15

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 **A.** The purpose of my testimony is to explain why BellSouth should continue to use  
18 competitively neutral practices when talking to its customers about their choice of  
19 intraLATA carrier. BellSouth is still the monopoly provider of local service. All new  
20 customers must therefore first come through BellSouth. Because of its unique position as  
21 the gatekeeper for intraLATA service, BellSouth's initial customer contact must be  
22 neutral. BellSouth should use the same competitively neutral practices when talking to  
23 their customers about intraLATA choices as they use when talking to them about  
24 interLATA choices. BellSouth, however, wants to abandon the long-standing neutral  
25 approach mandated in the interLATA market, and use calls to its bottleneck local

1 services as an opportunity to leverage its intraLATA services. This practice would be  
2 impermissible in the interLATA market and should be equally impermissible in the  
3 interLATA market. Until the local market is truly competitive, BellSouth continues to  
4 be the bottleneck for new customers. While there is nothing wrong with such BellSouth  
5 marketing on an independent basis, separate from customer contacts which result from its  
6 position as the incumbent monopoly provider of local exchange service, BellSouth should  
7 not be allowed to use that position unfairly to disadvantage its competitors and hinder  
8 new entrants in the intraLATA equal access market. The Commission should direct  
9 BellSouth to continue to follow competitively neutral measures as discussed below in my  
10 testimony.

11  
12 **III. Competitively Neutral Practices**

13  
14 **Q. IS BELL SOUTH MERELY ASKING THIS COMMISSION TO REMOVE THE**  
15 **TEMPORARY MARKETING RESTRICTIONS IMPOSED AS A RESULT OF**  
16 **THE JOINT COMPLAINT FILED BY MCI, AT&T AND FCCA IN 1996?**

17 **A.** No. Although BellSouth frames the argument as lifting those restrictions, it also is  
18 asking the Commission to sanction abandonment of the permanent competitively neutral  
19 practices to which BellSouth agreed in 1995. These competitively neutral basic ground  
20 rules for intraLATA presubscription were ordered by the Commission in Order No.  
21 PSC-95-0203-FOF-TP, issued in Docket No. 930330-TP. The 1996 Joint Complaint,  
22 on the other hand, resulted in the Commission imposing additional intraLATA marketing  
23 restrictions on BellSouth.

24

1 Q. WHAT WERE THESE BASIC GROUND RULES FOR INTRALATA  
2 PRESUBSCRIPTION?

3 A. The basic ground rules require bottleneck LECs to fairly inform their customers of their  
4 intraLATA choices in a competitively neutral manner: "[W]hen new customers sign up  
5 for service, they should be made aware of their options of intraLATA carriers in the same  
6 fashion as for interLATA carriers." Order No. PSC-95-0203-FOF-TP, p. 38. In 1995,  
7 when the Commission was still considering whether intraLATA presubscription was  
8 appropriate and should be implemented, various parties, including BellSouth, MCI, and  
9 FCCA, stipulated to the following:

10

11 If intraLATA presubscription is in the public interest, balloting should not  
12 be required. However, central offices converting to interLATA equal  
13 access and intraLATA equal access at the same time should be balloted at  
14 the same time. In addition, when new customers sign up for service they  
15 should be made aware of their options of intraLATA carriers in the same  
16 fashion as for interLATA carriers. If balloting is required, participation  
17 should not be mandatory.

18

19 Order No. PSC-95-0203-FOF-TP, p. 38, emphasis added. The Commission approved  
20 this stipulation. In other words, MCI and FCCA gave up their right to argue in favor of  
21 balloting as a way to open the intraLATA market in exchange for BellSouth agreeing to a  
22 competitively neutral practice. Now BellSouth wants to breach its half of the bargain.

23

24 Q. WHAT ARE THE REQUIREMENTS FOR INTERLATA CARRIERS TO  
25 WHICH THE STIPULATION REFERS?

1    **A.**    The FCC recognized the necessity for fair, even-handed business office practices when  
2           implementing equal access requirements in 1985:

3                   LEC personnel taking the verbal order should provide new customers  
4                   with the names, and, if requested, the telephone numbers of the IXCs and  
5                   should devise procedures to ensure that the names of IXCs are provided  
6                   in random order.

7           FCC Memorandum Opinion and Order, CC Docket No. 83-1145, Phase I, adopted  
8           August 19, 1985, released August 20, 1985.   This equal access requirement was  
9           specifically continued in section 251(g) of the Telecommunications Act of 1996:

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(g) Continued Enforcement of Exchange Access and Interconnection Requirements: On and after the date of enactment of the Telecommunications Act of 1996, each local exchange carrier, to the extent that it provides wireline services, shall provide exchange access, information access, and exchange services for such access to interexchange carriers and information service providers in accordance with the same equal access and nondiscriminatory interconnection restrictions and obligations (including receipt of compensation) that apply to such carrier on the date immediately preceding the date of enactment of the Telecommunications Act of 1996 under any court order, consent decree, or regulation, order, or policy of the Commission, until such restrictions and obligations are explicitly superseded by regulations prescribed by the Commission after such date of enactment. During the period beginning on such date of enactment and until such restrictions and obligations are so superseded, such restrictions and obligations shall be enforceable in the same manner as regulations of the Commission.



1 Q. ARE THESE REQUIREMENTS STILL RELEVANT TODAY?

2 A. Yes. These interLATA requirements, on which the intraLATA requirements were based,  
3 are even more important today, when the gateway LEC has both the financial incentive as  
4 well as the unique ability to steer customers toward its own long distance service.

5 Q. WHAT ARE THE CONCERNS OF MCI, AT&T AND FCCA WITH REGARD  
6 TO AN INCUMBENT MONOPOLY'S INTRALATA BUSINESS OFFICE  
7 PRACTICES FOR NEW CUSTOMERS?

8 A. As both the dominant 1+/0+ intraLATA toll provider and the incumbent monopoly local  
9 exchange company for the vast majority of Floridians, BellSouth is in the unique position  
10 of having customer contacts which give it an advantage over new entrants in the  
11 intraLATA presubscription market in this state. The manner in which BellSouth provides  
12 information pertaining to intraLATA service options must be handled in the same neutral  
13 manner with which it handles information concerning interLATA competition. This does  
14 not mean that BellSouth cannot market its own services; that is entirely appropriate and  
15 to be expected. Such efforts, however, must be separate and distinct from its role as the  
16 dominant provider of local exchange services. Otherwise, BellSouth will have an unfair  
17 advantage that cannot be duplicated in the marketplace by its competitors.

18  
19 In the Joint Complaint previously filed with this Commission, I pointed out in my  
20 testimony that BellSouth intended to encourage its customer service representatives to  
21 make a "sales pitch" on every call from a new customer that they should select BellSouth  
22 as their intraLATA carrier. At that time, BellSouth's proposed practices made it clear  
23 that it intended to leverage its position as the local exchange company. BellSouth even  
24 intended for its customer service representatives to pose as "consultants" with the

1 purpose of convincing the customer to use BellSouth's intraLATA service. No other  
2 competitor is in a position to first tout its company and then make a sales pitch.  
3 BellSouth alone would have this advantage because it is the local exchange company with  
4 the gateway to the customer ordering a variety of services.

5  
6 These issues are of particular concern given the parties' stipulation and the Commission's  
7 decision that no balloting be done; instead carriers will obtain new customers through  
8 their own marketing efforts. This was a consensus opinion expressed by the industry  
9 taking into account a number of factors, including local exchange company fears that  
10 balloting would result in the loss of many customers, the expense of balloting, and  
11 possible customer confusion. The success of this approach depends upon fair, neutral  
12 business office practices by the local exchange companies.

- 13  
14 **Q. HOW CAN PROCEDURES FOR NEW CUSTOMERS PROMOTE BELLSOUTH**  
15 **AT THE EXPENSE OF NEW ENTRANTS IN THE INTRALATA MARKET?**  
16 **A.** While I do not yet know what BellSouth intends to do if the Commission determines that  
17 it no longer must comply with competitively neutral processes, there are many ways that  
18 this process can be abused. As I pointed out in my testimony in the Joint Complaint,  
19 BellSouth's proposed procedures at that time would have allowed the BellSouth  
20 customer service representative to market its intraLATA service up-front, in an effort to  
21 influence the customer to choose BellSouth, before the customer has time to reflect on  
22 whether he wants a different carrier. Thus, although the customer service representative  
23 will mention that he can read a list of the other carriers who offer intraLATA toll service,  
24 as the customer is considering how to respond to that offer, the representative is well into  
25 the process of emphasizing BellSouth offering and positioning himself as the

1 telecommunications consultant to the customer. This ability exists solely because  
2 BellSouth is the exclusive gateway through which the majority of its customers must pass  
3 to obtain intraLATA service.

4  
5 This gives an unfair advantage to BellSouth. Because it is the monopoly local exchange  
6 company for most the vast majority of Floridians, it is the only company a consumer can  
7 call for new service. In this captive situation, when the customer is signing up for  
8 different services, BellSouth has a tremendous edge in having the customer on the  
9 telephone with its representatives. Recognizing this, BellSouth attempted to have its  
10 representatives "position yourself as a consultant" in order to take advantage of this  
11 unique opportunity to influence the customer.

12  
13 **Q. DOES THE REQUIRMENT UNFAIRLY DISADVANTAGE BELLSOUTH?**

14 **A.** No. It is important to remember that competitively neutral procedures do not  
15 disadvantage BellSouth, they simply place BellSouth on the same footing as all other  
16 carriers.

17  
18 **Q. ARE MCI, AT&T AND FCCA ADVOCATING THAT IXC<sub>s</sub> CAN MARKET  
19 THEIR SERVICES, WHILE BELLSOUTH AND OTHER LEC<sub>s</sub> MUST BE  
20 PROHIBITED FROM PROACTIVELY MARKETING THEIR SERVICES?**

21 **A.** No. Because of its unique position as the gatekeeper for intraLATA service, BellSouth's  
22 initial customer contact must be neutral. It cannot steer the customer toward its own  
23 service. Once past that step, however, if a customer requests information about  
24 BellSouth's service, it should be able to market itself to the interested customer. In that  
25 situation, the customer initiated and expressed the interest without prompting or pushing

1 or promoting in that direction by BellSouth. In addition, BellSouth is free to market in  
2 whatever way it chooses outside of that initial customer contact. This would include  
3 television, radio, and written advertisements.

4

5 MCI, AT&T and FCCA are simply saying that BellSouth must respond to customer  
6 inquiries regarding intraLATA carriers and intraLATA service in the same competitively  
7 neutral manner with which it responds to the same inquiries on an interLATA basis.

8

9 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

10 **A. Yes.**

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished to the following parties by U.S. Mail or Hand Delivery (\*) this 13th day of March 1998.

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