

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

	:	
In the Matter of	:	DOCKET NO. 971399-TP
	:	
Petition of BellSouth	:	
Telecommunications, Inc. to	:	
lift marketing restrictions	:	
imposed by Order	:	
PSC-96-1569-FOF-TP.	:	



PROCEEDINGS: HEARING

BEFORE: CHAIRMAN JULIA L. JOHNSON
 COMMISSIONER J. TERRY DEASON
 COMMISSIONER SUSAN F. CLARK
 COMMISSIONER JOE GARCIA
 COMMISSIONER E. LEON JACOBS, JR.

DATE: Thursday, June 18, 1998

TIME: Commenced at 9:30 a.m.
 Concluded at 1:10 p.m.

PLACE: Betty Easley Conference Center
 Room 148
 4075 Esplanade Way
 Tallahassee, Florida

REPORTED BY: H. RUTHE POTAMI, CSR, RPR
 Official Commission Reporter
 (850) 413-6734

DOCUMENT NUMBER-DATE

FLORIDA PUBLIC SERVICE COMMISSION

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FPSC-RECORDS/REPORTING

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11 on behalf of Florida Competitive Carriers Association.

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15 Telecommunications Corporation.

16 **MARSHA E. RULE**, 101 East College Avenue,
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18 on behalf of AT&T Communications of the Southern
19 States, Inc.

20 **WILLIAM COX**, Florida Public Service
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23 appearing on behalf of the Commission Staff.

24
25

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MISCELLANEOUS

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P R O C E E D I N G S

(Hearing convened at 9:30 a.m.)

CHAIRMAN JOHNSON: I'm going to call the hearing to order. Counsel, if you could read the notice.

MR. COX: Pursuant to notice filed May 1st, 1998, this time and place have been set for a hearing in Docket No. 971399-TP, Petition of BellSouth Telecommunications, Inc. to lift marketing restrictions imposed by Order No. PSC-96-1569-FOF-TP.

CHAIRMAN JOHNSON: Take appearances.

MS. WHITE: Nancy White and Mary Keyer, K-E-Y-E-R, for BellSouth Telecommunications, Inc..

MR. MCGLOTHLIN: Joe McGlothlin for the Florida Competitive Carriers Association.

MR. BOND: Tom Bond for MCI.

MS. RULE: And Marsha Rule for AT&T.

MR. COX: Will Cox on behalf of Commission Staff.

CHAIRMAN JOHNSON: Are there any preliminary matters?

MR. COX: Staff has several preliminary matters. The first is that Staff would request the Commission take official recognition of several Commission orders, and hopefully everyone has been

1 provided a copy of that list. If they haven't, there
2 are copies available for the parties, and hopefully
3 the Commissioners have their copies.

4 **CHAIRMAN JOHNSON:** Okay.

5 **MR. COX:** The official recognition list
6 takes official recognition of Docket Numbers -- in
7 Docket Nos. 930330-TP and 960658-TP takes official
8 recognition of Order No. PSC-93-0203-FOF-TP and also
9 Order No. PSC-96-1569-FOF-TP; in Docket No. 971399-TP,
10 Order No. PSC-98-0298-FOF-TP; and finally in
11 Docket No. 970526-TP, Order No. PSC-98-0710-FOF-TP.

12 Staff understands that counsel for the FCCA
13 would request that the Commission take official
14 recognition of one additional order.

15 **MR. McGLOTHLIN:** The additional order was in
16 Docket No. 960786-TL, the application of BellSouth for
17 consideration of the checklist criteria, and the order
18 was PSC-97-1459-FOF-TL issued on November 19, 1997.

19 **CHAIRMAN JOHNSON:** The Commission will take
20 official recognition of the orders requested. Did you
21 want to make the document an exhibit or -- we don't
22 necessarily need to, since you read them all.

23 **MR. COX:** You don't have to.

24 **CHAIRMAN JOHNSON:** Okay. Very good.

25 **MR. COX:** The next item I have is Staff and

1 the parties have agreed that several exhibits be
2 stipulated and moved into the record at this time.

3 There are five exhibits, two of which are
4 confidential, and you only have the cover sheets for
5 those, although we do have copies, if you would like
6 to see them at this time, now, or after the hearing.

7 And I'll go through those five exhibits and
8 mark them; ask they that they be marked. The first
9 exhibit should be marked as Exhibit No. 1, and it is
10 Witness Sandra Seay, the party is MCI, and it is the
11 May 22nd, 1998 deposition transcript of Ms. Seay and
12 errata sheet.

13 I'm not sure if there is an errata sheet
14 yet, but if there is one, we would include it. MCI
15 has not provided Staff with an errata sheet at this
16 time. And that was marked -- identified as SS-1.

17 **CHAIRMAN JOHNSON:** We'll mark that as
18 Exhibit 1, and short title it SS-1.

19 (Exhibit 1 marked for identification.)

20 **MR. COX:** The second exhibit is the
21 May 18th, 1998 deposition transcript of Hilda Geer,
22 BellSouth witness. This would be a composite exhibit.
23 It includes Composite Deposition Late-filed
24 Exhibit Nos. 1-5, and it also includes the errata
25 sheet, which BellSouth has provided, and it's

1 identified as HG-6.

2 **CHAIRMAN JOHNSON:** We'll identify that as
3 Exhibit 2, and short title it HG-6.

4 (Exhibit 2 marked for identification.)

5 **MR. COX:** The third exhibit is a
6 confidential exhibit, and it's from Witness Hilda Geer
7 from BellSouth, and it is confidential supporting
8 data, and it's identified as HG-7.

9 **CHAIRMAN JOHNSON:** Mark that 3, short title.
10 HG-7.

11 (Exhibit 3 marked for identification.)

12 **MR. COX:** The fourth exhibit is for -- again
13 from Witness Hilda Geer from BellSouth, and it is
14 BellSouth's responses to MCI's first set of
15 interrogatories, Nos. 1 through 5. It is identified
16 as HG-8.

17 **CHAIRMAN JOHNSON:** We'll mark that 4, and
18 give it a short title HG-8.

19 (Exhibit 4 marked for identification.)

20 **MR. COX:** The last exhibit is again a
21 confidential exhibit from BellSouth Witness Hilda
22 Geer, and it's responses to MCI's first request for
23 production of documents, Nos. 1 through 6 and 12, and
24 it's identified as HG-9, and it is a confidential
25 exhibit.

1 **CHAIRMAN JOHNSON:** We'll mark that 5 and
2 short title HG-9.

3 (Exhibit 5 marked for identification.)

4 **MR. COX:** Staff would ask at this time that
5 these exhibits be moved into the record.

6 **CHAIRMAN JOHNSON:** Show them all admitted
7 into the record without objection.

8 (Exhibits 1-5 received in evidence.)

9 **MR. COX:** At this time the prehearing
10 officer has granted five minutes opening statement.
11 Now, I wanted to make one clarification here.

12 In the prehearing order it stated five
13 minutes per side. I went and checked the transcript
14 after consulting with the FCCA counsel, and his
15 request was per party. So I will leave that at your
16 pleasure how we would clarify that, Madam Chairman.

17 **CHAIRMAN JOHNSON:** Any comments from the
18 parties? Any objection to per party, BellSouth?

19 **MS. WHITE:** Well, I would object to the
20 extent that they're all putting forth the same
21 position; they're putting forth one common witness.
22 Even though AT&T and MCI intervened separately,
23 they're also a part of the FCCA.

24 I'm not so sure this case needed opening
25 statements to begin with, but I would think that it

1 can be accomplished in five minutes for that side.

2 **MR. MCGLOTHLIN:** Chairman Johnson, we have
3 sponsored a witness and have participated in a
4 coordinated way, but we've always maintained our
5 separate party status.

6 As a practical matter, we've coordinated
7 among ourselves, and the others have agreed that to
8 the extent I cover things, they don't intend to plow
9 the same ground. So while technically we've asked for
10 five minutes per party, I don't think we're going to
11 use that much.

12 **COMMISSIONER CLARK:** I'm sure I said per
13 side. I was probably under the impression there was
14 more of a single identity than there was. But I think
15 Mr. McGlothlin offers a reasonable solution. I doubt
16 that Mr. Bond and Ms. Rule will be duplicative, but
17 whatever time they do take, I think it's appropriate
18 for Ms. White to have a like amount of time.

19 **CHAIRMAN JOHNSON:** Then we'll handle it in
20 that fashion, and the parties are mindful not to be
21 duplicative; and we will allow you any rebuttal time
22 that you may need. Who should go first?

23 **MS. WHITE:** I guess I go first since it's
24 our petition.

25 Good morning, Commissioners. We believe

1 this case is a fairly simple one. It boils down to
2 one question: Should the Commission remove the
3 restrictions it placed on BellSouth that prohibit and
4 limit the company from marketing its intraLATA toll
5 service to new customers.

6 The evidence in this case will show that the
7 answer is yes to this question. The restrictions have
8 more than served their purpose in allowing other
9 carriers to establish their presence in the intraLATA
10 market.

11 In fact, the numbers speak for themselves.
12 As of May 31, 1998, BellSouth had lost 32% of its
13 residential, 25% of its complex business, and 36% of
14 its small business intraLATA toll PIC-able lines.

15 The other parties would lead you to believe
16 that local market presence of competitors is the test
17 for whether or not the restrictions on BellSouth
18 should be lifted for intraLATA toll, yet they have not
19 offered any quantification of local competition, and
20 they have not suggested how much is enough local
21 competition.

22 In fact, they go so far as to imply that the
23 amount of competition in the intraLATA toll market is
24 irrelevant. Simply put, our competitors would prefer
25 to hamstring BellSouth rather than allow customers to

1 have a full, fair, and complete choice.

2 This is further reflected by the fact that
3 the other parties do not want BellSouth to be allowed
4 to fully inform customers of their options with regard
5 to certain calling plans.

6 If a customer selects a competitor for
7 intraLATA toll, our competitors want BellSouth to
8 unilaterally negate the customer's prerogative to
9 choose a calling plan. We believe customers have a
10 right to know how to access calling plans and have a
11 right to choose whatever calling plan that meets their
12 needs.

13 The key is customer awareness. Customers
14 have become more aware of choices in the intraLATA
15 marketplace. Clearly the losses that BellSouth has
16 experienced reinforce that fact.

17 BellSouth is requesting that it be allowed
18 to mention that there are choices, including
19 BellSouth, and let the customers decide.

20 Thank you.

21 **CHAIRMAN JOHNSON:** Mr. McGlothlin?

22 **MR. MCGLOTHLIN:** In a case that focuses on a
23 single protocol, there is danger of losing sight of
24 the big picture.

25 The big pictures is this: Prior to 1995,

1 the Commission viewed the 1+ dialing pattern as the
2 exclusive property of the local exchange company and
3 regarded it as a means with which to protect local
4 exchange company revenues.

5 In 1995 all of that changed. As a matter of
6 fundamental policy, the Commission decided that robust
7 competition in the intraLATA market based upon
8 meaningful customer choice was in the public interest,
9 and in 1995 it set the ground rules for the way it
10 intended to reach that objective.

11 Ground rule number one was that the 1+
12 dialing pattern would be used by the customer to reach
13 the customer's choice as opposed to being preserved
14 for the local exchange company.

15 Ground rule number two, importantly at that
16 time, was that local exchange companies were required
17 to use the same protocol that they used in the
18 interLATA market when advising new customers of their
19 options when they informed customers who called for
20 new service and were told of their intraLATA options.

21 So I submit to you that as you hear the
22 evidence, when BellSouth tells you that these
23 marketing restrictions have resulted in customers
24 choosing other companies, that loses sight of the big
25 picture. The big picture is that customers now have

1 choices, and it's customer choice, and not a marketing
2 restriction, that has led to that result, and it's a
3 result that the Commission had intended and hoped for.

4 When BellSouth speaks in terms of losing new
5 customers to other carriers, that loses sight of the
6 big picture, because at this point there should be no
7 vestige of the idea or notion that customers are a
8 local exchange company entitlement.

9 Now, in 1996 the Commission preserved the
10 protocol that required the use of the same interLATA
11 type protocols for new customers in the intraLATA
12 market. It did so, I submit, because the Commission
13 recognized that at that point in time the new customer
14 is making the customer's way through one of the most
15 narrow parts of the local exchange bottleneck.

16 And at that point the local exchange company
17 is wearing a different hat. It is performing a
18 gateway function. It has a responsibility to inform
19 new customers of their options in a neutral way. And
20 bear in mind that in that complaint docket, the
21 Commission didn't impose any time limits on that
22 requirement.

23 I submit to you that then the Commission
24 distinguished between this particular requirement on
25 the one hand and those that dealt with the ability of

1 BellSouth to market to existing customers on the
2 other.

3 In 1995 and again in 1996 it regarded that
4 requirement as a fixture, and nothing that has been
5 presented by BellSouth in this case changes any of
6 that. Yes, customers are choosing other carriers, but
7 that's as a matter of customer choice, not the
8 marketing restrictions.

9 As Mr. Bond, I think, intends to tell you,
10 there's nothing with respect to the underpinnings of
11 that requirement that's changed that warrants this
12 request by BellSouth.

13 Thank you.

14 CHAIRMAN JOHNSON: Mr. Bond?

15 MR. BOND: Good morning. The issue in this
16 case is very limited. The Commission previously in
17 its prior order did several marketing restrictions
18 regarding BellSouth's intraLATA services. All of
19 those are coming off this month except the one
20 relating to new customers; new customers who are
21 calling their local exchange company to get local
22 service and, during the course of that, are being
23 asked to choose an interLATA provider.

24 And the basic position of MCI is that
25 BellSouth should have no more advantage in marketing

1 its intraLATA service to those customers who are
2 coming to BellSouth because of its gateway function,
3 because it is still the de facto local monopoly.

4 Any residential customer in Florida in
5 BellSouth's territory that wants local service is
6 going to have to come through BellSouth. So we're not
7 asking that BellSouth be put at any disadvantage
8 relative to other intraLATA carriers, we're only
9 asking that they be at parity with other intraLATA
10 carriers.

11 No other intraLATA carrier has every single
12 customer -- every single new customer that needs an
13 intraLATA provider coming through them and giving them
14 an opportunity to pitch its services to them.

15 Bell says that these current procedures
16 place it at a competitive disadvantage relative to
17 other carriers. Well, under these current procedures
18 where they read the random list they're still getting
19 73% of the new customers. Only 27% are going to the
20 other 50 intraLATA carriers in Florida who are
21 offering this service.

22 So obviously this gateway function, even
23 when Bell doesn't have the opportunity to solicit
24 these customers, try to talk them out of choosing a
25 competitor, still has a very powerful function.

1 So MCI is just asking that they not be able
2 to leverage their local market to sell a competitive
3 service and place all of their competitors at a
4 disadvantage.

5 Thank you.

6 **MS. RULE:** Commissioners, the interLATA
7 restrictions that BellSouth must comply with right now
8 are the same as the intraLATA; that is, BellSouth is
9 not able to give an unfair advantage to any carrier.
10 As you know, BellSouth is not presently able to market
11 interLATA service.

12 However, it still must comply with those
13 restrictions; that is, it's not able to give an unfair
14 advantage to anybody. I think those restrictions are
15 even more important when it's able, under the
16 interLATA scheme, to give an unfair advantage to
17 itself.

18 Your decision in this case is fairly
19 limited, and I won't belabor that for you, but I think
20 you should look carefully as you hear the evidence at
21 what BellSouth is able to do in the interLATA market,
22 and ask yourself whether there is a distinguishing
23 factor in the intraLATA market, such that you should
24 allow it to favor its own service.

25 **CHAIRMAN JOHNSON:** Thank you. BellSouth?

1 **MS. WHITE:** Yes. I'll try to be very brief.
2 I'm going to make four points.

3 One, the protocol that the other parties are
4 talking about with regard to using the same procedures
5 for the intraLATA market as are done in the interLATA
6 market, that was a stipulation reached among the
7 parties; and none of the parties ever specifically
8 discussed whether or not BellSouth would be able to
9 say that BellSouth also provides this service.

10 That goes to my second point, which is that
11 if BellSouth is not allowed to let the customer know
12 that BellSouth provides intraLATA toll service, then
13 the customer will think BellSouth does not provide
14 this service, just as they cannot yet in the interLATA
15 market.

16 My third point is that the statistics that
17 have been presented in Ms. Geer's testimony are very
18 relevant. It proves that the intraLATA marketplace in
19 Florida is competitive. That is what this Commission
20 wanted to see.

21 And my last point: They state that
22 BellSouth should have no more advantage than any other
23 player. Well, customers who call ALECs for local
24 service, that ALEC can market whatever toll service it
25 wants. It does not have to read a list. It does not

1 have to refrain from marketing its intraLATA toll
2 service until the customer asks for it.

3 So it's not a level playing field. We do
4 not have the same advantage. So I would submit to you
5 that the evidence will show you should lift the
6 restriction.

7 Thank you.

8 **CHAIRMAN JOHNSON:** Thank you. Any other
9 preliminary matters?

10 **MR. COX:** No. I think we're ready for the
11 first witness.

12 (Witnesses collectively sworn.)

13 **MS. KEYER:** BellSouth calls Hilda Geer.

14 **CHAIRMAN JOHNSON:** Do you intend to do the
15 direct and rebuttal at the same time? Okay.

16 - - - - -

17 **HILDA GEER**

18 was called as a witness on behalf of FCCA/MCI, and
19 AT&T and, having been duly sworn, testified as
20 follows:

21 **DIRECT EXAMINATION**

22 **BY MS. KEYER:**

23 **Q** Would you please state your name for the
24 record?

25 **A** My name is Hilda Geer, and my address is 600

1 Northwest 79th Avenue, Miami, Florida 33126.

2 Q By whom are you employed and in what
3 capacity?

4 A I am employed by BellSouth, and I am
5 director of consumer operations in the South Florida
6 territory.

7 Q Have you previously caused to be prepared
8 and prefiled in this case direct testimony consisting
9 of 12 pages and rebuttal testimony consisting of seven
10 pages?

11 A I have.

12 Q Do you have any substantive additions,
13 corrections, or changes to make to that testimony at
14 this time?

15 A I do not.

16 Q If I were to ask you the same questions that
17 were posed in your prefiled direct and rebuttal
18 testimony today, would your answers to those questions
19 be the same?

20 A Yes.

21 MS. KEYER: I'd like to have the testimony
22 inserted into the record as if read, Madam Chairman.

23 CHAIRMAN JOHNSON: It will be so inserted.

24 Q (By Ms. Keyer) Ms. Geer have you prepared
25 two exhibits associated with your direct testimony?

1 A Yes, I have.

2 Q And those were HG-1 and HG-2?

3 A Correct.

4 Q Did you have any exhibits to your rebuttal
5 testimony?

6 A No.

7 Q Were these exhibits prepared by you or under
8 your direction and supervision?

9 A Under my direction and supervision.

10 Q Are there any substantive corrections or
11 changes to any of those exhibits?

12 A No.

13 MS. KEYER: I would like to have the
14 exhibits attached to Ms. Geer's testimony marked for
15 identification.

16 CHAIRMAN JOHNSON: They'll will marked as
17 Exhibit 5 and short titled --

18 MR. COX: I think that would be Exhibit 6.

19 CHAIRMAN JOHNSON: Oh, I'm sorry. It is
20 Exhibit 6. And is it composite exhibits here? I
21 guess -- yes. I'll short title it Composite Exhibit
22 HG-1 and 2.

23 (Exhibit 6 marked for identification.)

24 MS. KEYER: Thank you.

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BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF HILDA GEER

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 971399-TP

MARCH 6, 1998

Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH BELLSOUTH TELECOMMUNICATIONS, INC. ("BELLSOUTH" OR "THE COMPANY").

A. My name is Hilda Geer. I am employed by BellSouth as Director - Consumer - South Florida. My business address is 600 N.W. 79th Avenue, Miami, Florida.

Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND EXPERIENCE.

A. I am a graduate of the University of Miami with a degree in Mathematics and Psychology. I have 26 years of service with BellSouth. My career with BellSouth began in Engineering and has continued on to assignments in Network, Sales and Marketing, Human Resources and various Customer Services organizations. Most of the last 19 years has been spent in positions of increasing responsibility in the Customer Services environment, Business, Inter-exchange Carrier, and Residential Services.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

1

2 A. The purpose of my testimony is to demonstrate that the marketing restrictions
3 imposed on BellSouth by the Florida Public Service Commission ("Commission")
4 should be removed. I will provide evidence that, a) a thriving competitive
5 intraLATA toll market exists in Florida; b) the restrictions have resulted in much
6 consumer confusion; and c) this evidence justifies the lifting of certain marketing
7 restrictions imposed by the Commission's Order No. PSC-96-1569-FOF-TP in
8 Docket Nos. 930330-TP and 960658-TP.

9

10 Q. DID THE MARKETING RESTRICTIONS IMPOSED ON BELL SOUTH BY THE
11 COMMISSION PERTAIN TO NEW AND EXISTING CUSTOMERS ?

12

13 A. Yes. The Commission ordered that BellSouth be prohibited from marketing
14 intraLATA toll services to existing customers for a period of eighteen (18) months.
15 Therefore, the restrictions for existing customers will expire in June of 1998.
16 However, the Commission's Order did not contain such term limitations for the
17 restrictions imposed on BellSouth for marketing intraLATA toll services to new
18 customers.

19

20 Q. GIVEN THAT THE RESTRICTIONS FOR MARKETING TO EXISTING
21 CUSTOMERS WILL EXPIRE IN JUNE OF 1998, IS BELL SOUTH REQUESTING
22 RELIEF FROM THE SPECIFIC RESTRICTION WITHIN THAT ORDER
23 RELATIVE TO NEW CUSTOMERS?

24

25

1 A. Yes. BellSouth is specifically requesting relief from the restriction that BellSouth
2 cannot market its intraLATA toll service to a new customer unless the customer
3 introduces the subject.

4

5 Q. WHAT WAS THE INTENT OF THE RESTRICTION ON BELLSOUTH
6 REGARDING NEW CUSTOMERS?

7

8 A. BellSouth believes that it was the Commission's intent to promote intraLATA toll
9 competition with the imposition of marketing restrictions on BellSouth. By restricting
10 BellSouth's ability to market its intraLATA toll services to new customers, the
11 competing intraLATA carriers would be afforded an opportunity to establish their
12 presence in the intraLATA toll market.

13

14 Q. WHY SHOULD THE MARKETING RESTRICTION FOR NEW CUSTOMERS BE
15 LIFTED?

16

17 A. The first "buying experience" or interaction between a company and a new customer
18 is crucial. Generally, this first experience creates an impression that lasts throughout
19 the relationship. Therefore a company's ability to educate customers about its
20 products and services during the first contact is an essential cornerstone in developing
21 a long-term relationship built on trust. New customers who call BellSouth for the
22 first time may not know of the services the Company has to offer. The marketing
23 restrictions imposed on BellSouth preclude the Company from explaining in detail
24 products and services that can benefit consumers. These restrictions have virtually
25 silenced BellSouth during customer negotiations for intraLATA toll and have had an

1 impact on customer choices for various local services. Consequently, as I will
2 demonstrate later in my testimony, consumers often make uninformed choices.

3

4 Q. WILL ALLOWING BELLSOUTH TO ONCE AGAIN MARKET ITS INTRALATA
5 TOLL SERVICES TO NEW CUSTOMERS STIMULATE COMPETITION AND
6 INNOVATION IN THE INTRALATA TOLL MARKET?

7

8 A. Yes. Allowing BellSouth to once again market its intraLATA toll services to new
9 customers will stimulate competition. For nearly two years now BellSouth has been
10 unable to discuss its intraLATA toll services during negotiations with its new
11 customers. BellSouth's competitors have enjoyed an unshackled opportunity to gain
12 market share, and as I will demonstrate, they have done very well. Allowing
13 BellSouth to market once again will act as an incentive for other intraLATA providers
14 to develop competitive rates and calling plans and not rest comfortably on their laurels
15 under the guise of "protective regulation".

16

17 Q. IS IT BELLSOUTH'S POSITION THAT COMPETING CARRIERS HAVE
18 ESTABLISHED THEIR PRESENCE IN THE INTRALATA TOLL MARKET?

19

20 A. Yes. BellSouth has evaluated intraLATA presubscription statistics from January,
21 1997, to the present and concludes that competition is thriving in Florida (Exhibit
22 HG-1).

23

24 Exhibit HG-1 summarizes all LPIC change data extracted from the CARE (Customer
25 Accounts Records Exchange) system during the study period from January 1, 1997

1 through February 28, 1998. CARE is the mechanized LPIC change interface between
2 BellSouth and the interexchange carriers. Not only does CARE provide the
3 mechanized input for LPIC change orders from interexchange carriers, it also
4 provides confirmation to the receiving and losing carriers when a change has been
5 processed regardless of whether the change order originated through CARE or
6 through the BellSouth business office. It is this latter functionality that allows CARE
7 to provide the statistics for all LPIC change activity during the time period that is
8 summarized in Exhibit HG-1 and discussed below.

9
10 During the study period, BellSouth was not the customer's selection of his local toll
11 carrier on 32% of new residential lines and 20% of new business lines. These figures
12 represent total losses during the study period; the data indicate that for the specific
13 months of January, 1998 and February, 1998, BellSouth local toll service losses on
14 new residential lines were 39% and 41%, respectively. New business lines losses to
15 local toll competition were 27% during January, 1998 and 28% during February,
16 1998.

17
18 The target of competitors marketing activity appears to be existing customers.
19 Approximately 51% of all residential LPIC activity and 35% of business LPIC
20 activity during the study period was generated by changes on existing lines.
21 BellSouth was not the local toll carrier of choice on 84% of these residential LPIC
22 changes and 92% of the business LPIC changes. The last category summarized
23 during the study period was moves (from one address to another address). These
24 changes represented a loss to BellSouth as the local toll carrier for 25% of the
25 residential lines changed and 21% of the business lines changed.

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When considering all of the 4,569,797 LPIC changes from January, 1997 through February, 1998, BellSouth was not the intraLATA toll carrier on 57% of the residential lines and 46% of the business lines. This clearly demonstrates that intraLATA toll competition is thriving in Florida.

In addition, the Commission recently agreed that data provided by BellSouth in its petition to request lifting of the restrictions "...does indicate changed circumstances that may demonstrate that the purpose of our earlier Order has been met." (FPSC Order No. PSC-98-0293-FOF-TP, pages 2-3, in Docket 971399-TP.)

Q. WHAT QUANTITATIVE DATA DO YOU HAVE TO SUBSTANTIATE YOUR ARGUMENT ?

A. A comparison of intraLATA toll competition results shows that in Florida, BellSouth lost 30% of its residential, 26% of its complex business and 32% of its small business intraLATA toll pic-able lines as of January 30, 1998.

As previously demonstrated in Exhibit HG-1, another important comparison relates to the average of new customers that are choosing a carrier other than BellSouth. From January 1, 1997 until February 28, 1998, BellSouth Florida numbers show that an average of 32% of new residential customers and 20% of business customers chose a carrier other than BellSouth.

1 Q. WHAT INTRALATA TOLL SUBSCRIPTION BUSINESS OFFICE PRACTICES
2 AND PROMPTS WOULD BELLSOUTH ADOPT FOR FLORIDA IF THE
3 CURRENT RESTRICTIONS ARE LIFTED?

4

5 A. BellSouth would continue its current prompts but would also advise the customer that
6 BellSouth can provide local toll service. As a restatement, these prompts call for
7 advising the customer on the following points in the order listed:

8

- 9 1. BellSouth would advise the customer that he has an option of selecting a long
10 distance carrier for local toll calls.
- 11 2. BellSouth would advise the customer that BellSouth can provide his local toll
12 service.
- 13 3. BellSouth would offer to read to the customer the list of available carriers. If
14 the customer responds affirmatively, then the list should be read.

15

16 Q. HAVE THE MARKETING RESTRICTIONS RESULTED IN CONSUMER
17 CONFUSION ?

18

19 A. Yes. Because BellSouth is prohibited from educating new consumers about its
20 services, customers are making uninformed choices with regard to their local service
21 options.

22

23 BellSouth has two types of local calling plans. First are those plans for which the
24 customer pays only when the service is used; i.e. ECS (Extended Calling Service).
25 ECS is expanded calling which includes additional exchanges in a customers existing

1 calling area. The ECS exchanges become a part of the customer's local calling area.
2 For residence customers a per message charge applies. For business customers, a per
3 minute charge applies to all calls in the ECS exchange. For example, customers in
4 Steinhatchee, Florida have ECS to Gainesville, Florida. This means that, for calls
5 from Steinhatchee to Gainesville, a residential customer is charged 25 cents for that
6 call and business customers are charged 10 cents for the first minute and 6 cents for
7 each additional minute.

8
9 The second type of local calling plan involves a customer paying a monthly flat rate
10 amount, no matter how often he uses the service. Examples of these local calling
11 plans include optional EAS (Extended Area service) and Area Plus, for residential
12 customers and Business Plus, for business customers.

13
14 Under the Commission restriction*, when a customer contacts BellSouth, the
15 Company is prohibited from discussing its intraLATA toll services unless the subject
16 is introduced by the customer. Consequently, when a new customer selects an
17 intraLATA toll carrier other than BellSouth, the Company is restricted from educating
18 the customer about the impact of that choice on the local calling plan he may have
19 chosen or to which he has access. As a result, new customers who choose an
20 intraLATA toll carrier other than BellSouth will not know how to obtain the benefits
21 of the first type of local plan previously described. Further, with the second type of
22 local calling plan I have described, a new customer will be paying for a service for
23 which he has received no benefit.

24
25

1 Regarding the latter case, BellSouth made a decision some time ago that when a
2 customer pays a monthly flat rate fee for a local plan, BellSouth will advise the
3 customer of the method to reach that service even with an intra-LATA toll carrier other
4 than BellSouth. If BellSouth did not educate the customer in the second type of plan,
5 BellSouth would be guilty of fraud.

6
7 It is important that BellSouth be allowed to educate customers concerning the first
8 type of local calling plan. BellSouth must disclose that, to benefit from the ECS rates,
9 the customer must dial 1015124 (BellSouth's Carrier Access Code) plus the number
10 the customer is calling. This dial around must occur prior to each and every call. The
11 only other option is to PIC to BellSouth.

12
13 Q. CAN BELLSOUTH EDUCATE NEW CUSTOMERS WHO ARE PIC'D TO
14 ANOTHER CARRIER ABOUT THE LOCAL CALLING PLANS?

15
16 A. Because BellSouth is forced to remain silent, the typical way that a customer will
17 introduce the subject is during a subsequent call. Generally, this is in the form of a
18 complaint.

19
20 Q. WHAT IS THE GENERAL NATURE OF SUCH COMPLAINTS?

21
22 A. Generally the customers are upset because they believe they were not completely
23 informed of their options. Moreover, they believe that BellSouth knowingly allowed
24 them to subscribe to a plan that billed them a higher per minute of use charges than
25 those available from BellSouth's ECS. This creates a more than uncomfortable

1 dialogue between the Company's service representative and the customer. As a
2 result, the relationship between the Company, the customer and the other carrier is
3 needlessly compromised. Unless the marketing restrictions against BellSouth are
4 lifted, the customer may never become aware of BellSouth's alternatives such as ECS,
5 such as was the case in the public hearing on EAS in Steinhatchee.

6
7 At this hearing, several of the public witnesses were asked if they knew that they had
8 ECS to Gainesville. The majority said no and upon further investigation it was found
9 that they were presubscribed to a carrier other than BellSouth for their local toll
10 calling. (Transcript of Steinhatchee, Florida Public Hearing, FPSC Docket 930235-
11 TL, January 29, 1998; pp. 13, 32, 96-97)

12
13 Q. IF THE MARKETING RESTRICTIONS ARE LIFTED, WILL A NEW
14 CUSTOMER BE ADVISED OF CONFLICTS WITH SUBSCRIBED BELLSOUTH
15 SERVICES BASED UPON THE INTRALATA CARRIER THAT HE HAS
16 SELECTED?

17
18 A. Yes. If BellSouth is allowed to market its intraLATA toll services, customers can be
19 educated and such conflicts can be explained. BellSouth should be allowed to inform
20 customers of such conflicts without having to wait "until the subject is introduced by
21 the customer." BellSouth will inform the customer in as competitively neutral a
22 manner as possible.

23
24 Q. ARE THERE OTHER EXAMPLES OF RECURRING CUSTOMER CONFUSION
25 THAT HAVE RESULTED FROM THE MARKETING RESTRICTIONS ?

1

2 A. Yes, BellSouth has attached some examples of the kind of misinformation that is
3 being presented to the customer (Exhibit HG-2). These Letter of Authorization
4 (LOA) examples contain statements to the effect that only one long distance company
5 may be designated for the telephone number that is provided on the LOA. This is
6 clearly not the case in Florida and is misleading to the customer. The customer is
7 entitled to complete, accurate information on which to base his decision. BellSouth
8 should be free to educate the customer so that he can be better informed as to his
9 options and thus make a better decision about his intraLATA service.

10

11 Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY ?

12

13 A. For nearly two years BellSouth has been prohibited from marketing its intraLATA
14 toll services. The data contained in my testimony is evidence that competition in the
15 intraLATA market is flourishing in Florida. Absent any marketing restrictions,
16 competition for this market will continue to evolve and flourish.

17

18 While the marketing restrictions have been in place, other intraLATA service
19 providers have gained a significant amount of the intraLATA toll market, though
20 largely at the expense of the consumer in two areas. The first area is that of consumer
21 confusion. Forced to remain silent unless the customer was "lucky enough" to say the
22 right words, BellSouth has been put in the uncomfortable position of allowing
23 consumers to select calling plans containing benefits that may never be realized unless
24 the customer complained. These types of situations only aggravate the customers and
25 jeopardize any long-term relationship that BellSouth might attempt to establish.

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Secondly, though it appears to consumers (by BellSouth's silence) that other alternatives are available to them, it is not clear that these other providers have been quick to develop competitive calling plans to "win customers". Winning customers is the cornerstone of a competitive environment. The alternative intraLATA providers have enjoyed two years of protective regulation. Certainly they have gained market share, certainly with the marketing restrictions more alternatives "appear" to be available, but those customers have not been won. They have in essence been "handed over". By lifting the marketing restrictions imposed on BellSouth, the Commission would insure that the industry would not rest on its laurels. Unleashing BellSouth now would certainly stimulate innovation and facilitate the further development of competitive rates and calling plans. Only then will consumers realize the economic benefits of competition in the intraLATA market.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

1 BELLSOUTH TELECOMMUNICATIONS, INC.
2 REBUTTAL TESTIMONY OF HILDA GEER
3 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

4 DOCKET NO. 971399-TP

5 APRIL 13, 1998
6

7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH BELLSOUTH
8 TELECOMMUNICATIONS, INC. ("BELLSOUTH" OR "THE COMPANY").
9

10 A. My name is Hilda Geer. I am employed by BellSouth as Director - Consumer - South
11 Florida. My business address is 600 N.W. 79th Avenue, Miami, Florida.
12

13 Q. ARE YOU THE SAME HILDA GEER WHO FILED DIRECT TESTIMONY?
14

15 A. Yes.
16

17 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?
18

19 A. The purpose of my testimony is to rebut the testimony filed by witness Sandra Seay
20 on behalf of MCI Telecommunications Corporation, AT&T Communications of the
21 Southern States, Inc. and the Florida Competitive Carriers Association in Docket No.
22 971399-TP. Complementing my direct testimony, my rebuttal testimony further
23 justifies the lifting of certain marketing restrictions imposed by the Florida Public
24 Service Commission's Order No. PSC-96-1569-FOF-TP in Docket Nos. 930330-TP
25 and 960658-TP.

1

2 Q. IN HER DIRECT TESTIMONY, DID WITNESS SEAY ADDRESS CHANGES IN
3 THE LOCAL TOLL MARKET SINCE THE MARKETING RESTRICTIONS
4 WERE IMPLEMENTED ?

5

6 A. No. Ms. Seay has simply restated stale arguments from years past. Based on her
7 direct testimony, witness Seay would have this Commission believe that the Local
8 Toll market has remained stagnant during the past two years. The complainants have
9 made no attempt to quantify the effects of the marketing restrictions in Florida.

10

11 Q. DO YOU UNDERSTAND QUALITATIVELY HOW COMPETITION HAS AND IS
12 CONTINUING TO EVOLVE?

13

14 A. Yes. My direct testimony contains data that overwhelmingly reflects the impact of
15 the Commission's marketing restrictions. Exhibit HG-1, page 1 of 1, of my direct
16 testimony contains conclusive evidence that competition for local toll services is
17 thriving. Exhibit HG-1 shows that of the 4,569,797 Local Presubscribed
18 Interexchange Carrier (I.PIC) changes from January, 1997 through February, 1998,
19 BellSouth was not the intraLATA toll carrier on 57% of the residential lines and 46%
20 of the business lines. This clearly demonstrates that intraLATA toll competition is
21 thriving in Florida.

22

23 Q. YOU HAVE SET FORTH QUANTITATIVE DATA THAT MEASURES THE
24 EFFECTIVENESS OF THE COMMISSION'S RESTRICTIONS IN THE LOCAL

25

1 TOLL MARKET, WHAT QUANTITATIVE DATA HAS WITNESS SEAY SET
2 FORTH TO SUPPORT THE COMPLAINANTS POSITION ?

3

4 A. None.

5

6 Q. WHY DO YOU BELIEVE WITNESS SEAY DOES NOT ATTEMPT TO
7 ADDRESS SUCH CHANGES ?

8

9 A. It appears that witness Seay thinks this Commission, and its Staff, has its head in the
10 sand when it comes to monitoring and understanding market place dynamics. The
11 complainants apparently believe that this Commission is more interested in
12 philosophical and anecdotal arguments as opposed to quantitatively understanding
13 how competition is evolving. By setting forth stale and dated equal access
14 arguments, which by the way are applicable to a market that BellSouth is prohibited
15 from operating in (Long Distance), witness Seay attempts to skirt the very spirit and
16 intentions of the Commission in this Docket. The Commission's intent in this
17 Docket was to dramatically change the competitive landscape in the local toll market.
18 Imposing the restrictions on BellSouth was its mechanism for achieving this goal.

19

20 Q. YOU STATE THAT THE SPIRIT AND INTENT OF THE COMMISSION'S
21 MARKETING RESTRICTIONS WAS TO CHANGE THE COMPETITIVE
22 LANDSCAPE FOR THE LOCAL TOLL MARKET, HAS THE COMMISSION
23 ACHIEVED THIS GOAL ?

24

25

1 A. Yes. As the evidence in my direct testimony shows, with the imposition of the
2 marketing restrictions the Commission has achieved its goal. Failure by witness Seay
3 to even acknowledge such dramatic changes in the market place borders on disrespect
4 to this Commission and its Staff for its achievements.

5

6 Q. WITNESS SEAY ON PAGE 10 LINE 5 OF HER TESTIMONY SUGGESTS THAT
7 REMOVING THE RESTRICTIONS WOULD GIVE BELLSOUTH AN UNFAIR
8 ADVANTAGE BECAUSE BELLSOUTH IS THE ONLY COMPANY THAT A
9 CONSUMER CAN CALL FOR NEW SERVICE, HOW DO YOU RESPOND ?

10

11 A. If BellSouth is the only company a consumer can call for new local exchange service,
12 it is because the entities that witness Seay represents want it to be that way. Other
13 proceedings before this Commission have created a framework for local competition
14 to evolve, yet many of the providers, including the ones involved in this proceeding,
15 have been very "selective in choosing" where and to whom they offer local exchange
16 services. The IXC's are very adept at soliciting customers to use their services.
17 Customers are now aware that they have choices of carriers.

18

19 Q. YOU STATE THAT THE COMMISSION HAS BEEN SUCCESSFUL IN
20 CREATING A COMPETITIVE MARKET FOR LOCAL TOLL SERVICES, IF THE
21 COMMISSION LIFTS ITS RESTRICTIONS, HOW CAN IT BE ASSURED THAT
22 COMPETITION WILL CONTINUE TO FLOURISH ?

23

24 A. As is evident in the data I have presented, the market for local toll services is very
25 competitive. Removing the restrictions from BellSouth will stimulate innovation

1 (e.g., more competitive calling plans) among all local toll providers. Releasing
2 BellSouth will force other service providers to introduce new local toll service to
3 acquire new customers and retain existing ones.

4

5 Q. IF THE COMMISSION CHOOSES TO REMOVE THE MARKETING
6 RESTRICTIONS FOR NEW CUSTOMERS, WHAT PRACTICES AND PROMPTS
7 WILL BELLSOUTH EMPLOY?

8

9 A. BellSouth will continue to advise customers that they have options. BellSouth will
10 employ the practices as outlined in my direct testimony. They are as follows:

- 11 1. BellSouth would advise the customer that he has an option of selecting a long
12 distance carrier for local tolls.
- 13 2. BellSouth would advise the customer that BellSouth can provide his local toll
14 service.
- 15 3. BellSouth would offer to read to the customer the list of available carriers. If the
16 customer responds affirmatively, then the list should be read.

17

18 Q. SO EVEN IF THE COMMISSION REMOVES THE MARKETING
19 RESTRICTIONS FOR NEW CUSTOMERS, BELLSOUTH WILL CONTINUE TO
20 ADVISE CUSTOMERS THAT OTHER CARRIERS ARE AVAILABLE AND
21 OFFER TO READ A LIST OF THOSE CARRIERS?

22

23 A. Yes.

24

25

1 Q. WILL THESE PRACTICES ADVANTAGE BELLSOUTH AS ALLEGED BY
2 WITNESS SEAY ?

3

4 A. BellSouth will not be advantaged by these practices. The local toll market is
5 extremely competitive today. Competition will only increase and intensify as
6 providers of local toll develop more competitive calling plans for consumers.

7

8 Q. WHAT IMPACT WILL REMOVING THE MARKETING RESTRICTIONS HAVE
9 ON THE CUSTOMER CONFUSION THAT YOU DESCRIBED IN YOUR DIRECT
10 TESTIMONY ?

11

12 A. Under the Commission's current restrictions, when a customer contacts BellSouth, the
13 Company is prohibited from discussing its intraLATA toll services unless the subject
14 is introduced by the customer. Consequently, when a new customer selects an
15 intraLATA toll carrier other than BellSouth, the Company is restricted from educating
16 the customer about the impact of that choice on the local calling plan he may have
17 chosen or to which he has access. As a result, new customers who choose an
18 intraLATA toll carrier other than BellSouth will not know how to obtain the benefits
19 of the first type of local plan previously described. Further, in certain circumstances a
20 new customer could be paying for a service for which he has received no benefit. If
21 BellSouth is allowed to market its intraLATA toll services, customers can be
22 educated and such conflicts can be explained. BellSouth should be allowed to inform
23 customers of such conflicts without having to wait "until the subject is introduced by
24 the customer." BellSouth will continue to inform the customer in as competitively

25

1 neutral a manner as possible. This type of customer confusion will be all but
2 eliminated if BellSouth is at least allowed to educate the customer about its services.

3

4 Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY ?

5

6 A. Yes. Witness Sandra Seay has simply restated stale arguments from years past.
7 Based on her direct testimony, witness Seay would have this Commission believe that
8 the Local Toll market has remained stagnant during the past two years. The
9 complainants have made no attempt to quantify the affects of the marketing
10 restrictions imposed on BellSouth in Florida. Even absent quantifiable data, they
11 have not set forth a compelling argument, either philosophical or anecdotal, as to why
12 BellSouth should remain shackled by these restrictions.

13

14 BellSouth has been prohibited from marketing its local toll services to both new and
15 existing customers for nearly two years. The data contained in my direct testimony,
16 and further supported in my rebuttal, is evidence that competition in the local toll
17 market is flourishing in Florida.

18

19 BellSouth should be allowed to educate and to market its local toll services to new
20 customers in Florida. The Commission's restrictions should be lifted.

21

22 Q. DOES THIS CONCLUDE YOUR TESTIMONY ?

23

24 A. Yes.

25

1 Q (By Ms. Keyer) Ms. Geer, have you
2 prepared a summary of your testimony?

3 A Yes, I have.

4 Q Would you please proceed with that summary
5 and give the Commissioners your summary?

6 A I sure will. Commissioners, Ms. Chairman,
7 for nearly two years BellSouth has been prohibited
8 from marketing its intraLATA services. The data
9 offered in my testimony is compelling evidence that
10 competition in the intraLATA market is flourishing in
11 Florida.

12 The intent and purpose of these
13 restrictions, which were to promote intraLATA toll
14 competition by increasing customer awareness and
15 allowing the interexchange carriers to establish their
16 presence, has been met.

17 I am here today to ask this Commission to
18 approve the lifting of this restriction and to affirm
19 that it is in the best interests of the Florida
20 consumer to allow BellSouth to offer customers a
21 balanced presentation of the intraLATA toll
22 alternatives in a fair, just, and nondiscriminatory
23 manner.

24 This presentation of the alternatives
25 available include a very simple three-step process;

1 and that is, advise customers that several carriers
2 provide the service, inform them that we can also
3 provide the service, and offer to read the list of
4 available carriers that provide the service if they
5 have not made a choice by that time.

6 This balanced presentation of the
7 alternatives available is fair and equitable to the
8 customer and fair and equitable to our competitors.

9 Other intraLATA service providers have
10 gained a significant amount of the intraLATA toll
11 market thus far, though largely at the expense of the
12 customer, especially in two areas.

13 The first area is that of customer
14 confusion. Forced to remain silent unless the
15 customer was lucky enough to say the right words,
16 BellSouth has been put in the uncomfortable situation
17 of allowing customers to either miss access to
18 benefits of calling plans available and/or to in some
19 instances pay for services it may not derive benefits
20 from.

21 Secondly, though it appears to customers
22 that alternatives are available to them, it is not
23 clear that these other providers have been quick to
24 develop competitive calling plans to truly win
25 customers. Winning customers is the cornerstone of a

1 competitive environment. It is the essence of the
2 intraLATA toll presubscription process agreed to by
3 this Commission.

4 Carrier marketing, as opposed to balloting
5 and allocation: The alternative intraLATA toll
6 providers have enjoyed two years of protective
7 regulation. This Commission determined that
8 competition in the intraLATA market is in the public
9 interest. The parties to this docket, in fact, agreed
10 that a carrier marketing approach, rather than
11 balloting, would best serve Florida customers.

12 BellSouth is one of those competing carriers
13 and, as such, should be allowed to educate customers
14 and market its local toll services to new customers in
15 Florida. Our ability to do so enhances customer
16 awareness of the full range of choices out there and
17 eliminates customer confusion. Only then do customers
18 have an opportunity to make an informed decision
19 regarding the available intraLATA toll service
20 providers.

21 I ask this Commission to conclude that it is
22 in the best interests of the Florida consumer to allow
23 BellSouth to offer customers a balanced presentation
24 of the alternatives in a fair, just, and
25 nondiscriminatory manner.

1 I ask this Commission to lift the
2 restriction, for only then will the Florida consumer
3 and the public realize the true economic benefits of
4 competition in the intraLATA market.

5 Thank you.

6 CHAIRMAN JOHNSON: Thank you.

7 MS. KEYER: Madam Chairman, the witness is
8 now available for cross-examination.

9 CHAIRMAN JOHNSON: Mr. McGlothlin?

10 CROSS EXAMINATION

11 BY MR. MCGLOTHLIN:

12 Q Good morning, Ms. Geer.

13 A Good morning.

14 Q Please refer to your Exhibit HG-1 attached
15 to your direct testimony. It's entitled "Florida
16 IntraLATA PIC Activity from 1/1/97 to 3/1/98."

17 A Correct.

18 Q And you show some percentages there. Is it
19 true that this depicts not market share, but instead
20 depicts the activity?

21 A Yes. That's correct.

22 Q Now, if you will turn to --

23 COMMISSIONER GARCIA: Would you distinguish
24 that for me?

25 WITNESS GEER: Activity as opposed to market

1 share of access lines; is that the question?

2 COMMISSIONER GARCIA: Yes.

3 WITNESS GEER: Okay. This exhibit strictly
4 addresses the number of requests that were received
5 during this time frame from new service connections,
6 existing customers requesting service changes on LPIC
7 activity or intraLATA toll activity, and changes
8 through moves which would imply strictly changing from
9 one address to another in the same location.

10 Market share, as I believe you're
11 addressing, would be the market share that would be
12 PIC'd to BellSouth or to another carrier as a
13 percentage of the total number of access lines in the
14 state.

15 COMMISSIONER GARCIA: Got you.

16 Q (By Mr. McGlothlin) Looking at Page 4 of
17 your testimony, Ms. Geer.

18 A Yes.

19 COMMISSIONER GARCIA: The testimony or the
20 exhibit?

21 MR. MCGLOTHLIN: The testimony this time.

22 Q (By Mr. McGlothlin) And I'm speaking now
23 of your rebuttal testimony, Ms. Geer.

24 COMMISSIONER GARCIA: I'm sorry. Rebuttal?

25 MR. MCGLOTHLIN: Yes.

1 Q (By Mr. McGlothlin) In response to a
2 question that begins on Line 6, you say "If BellSouth
3 is the only company a consumer can call for a new
4 local exchange service, it is because the entities
5 that Witness Seay represents want it to be that way."

6 Ms. Geer, are you aware that BellSouth in a
7 1996 docket asked the Commission to consider whether
8 BellSouth had complied with all of the components of
9 the checklist of the 1996 Telecommunications Act?

10 A I want to ask you to rephrase your question
11 in light of the page that you asked me to refer to. I
12 did not see that response on Line 6. Is that what you
13 asked me to look at, Line 6 on Page 4?

14 Q I asked you to look at the question and the
15 answer beginning at Line 6.

16 **COMMISSIONER GARCIA:** Line 6 is a question.

17 **MR. MCGLOTHLIN:** Yes, sir. I asked her to
18 review the Q and A that begins on Line 6.

19 **COMMISSIONER GARCIA:** Oh, okay.

20 **WITNESS GEER:** On Page 4?

21 Q (By Mr. McGlothlin) Of rebuttal
22 testimony.

23 A Just to make sure that the pages and the
24 lines are accurate, the question you're talking about
25 starts "You state that the spirit and intent," is

1 that --

2 Q Not on my copy. I'm looking at a question
3 that begins "Witness Seay on Page 10 --

4 A All right. That starts on Line 11 on mine.
5 I'm sorry. Can you rephrase your question, please?

6 Q Yes. In response to the question there, you
7 state "If BellSouth is the only company a consumer can
8 call for new local exchange service, it's because the
9 entities that Witness Seay represents want it to be
10 that way."

11 My question is, are you aware that in a 1996
12 docket, BellSouth asked the Commission to consider
13 whether BellSouth has complied with all of the
14 components of the local checklist, competition
15 checklist, that Congress set out in the '96 Act?

16 A Yes, I am aware of that.

17 Q And are you aware that the Commission
18 determined that BellSouth has not yet complied with
19 the checklist?

20 A Yes, I am aware of that.

21 Q Now, please turn to Page 6 of the rebuttal
22 testimony. Beginning at Line 12, Ms. Geer, you
23 discuss your proposal to have BellSouth inform a
24 customer of some of the other local calling plan
25 options and impacts, and at Line 24 you say "BellSouth

1 will continue to inform the customer in as
2 competitively neutral a manner as possible."

3 So you do recognize the need to be
4 competitively neutral in that context, do you not?

5 A Yes.

6 Q Does BellSouth propose to educate the same
7 customer of possible menus of choices that other
8 carriers may have available?

9 A Are you asking whether or not BellSouth
10 would offer information relative to rates and calling
11 plans of other companies?

12 Q Yes, that's the question.

13 A No, BellSouth would not be aware of those.

14 MR. McGLOTHLIN: Those are all the questions
15 I have.

16 CHAIRMAN JOHNSON: Mr. Bond.

17 CROSS EXAMINATION

18 BY MR. BOND:

19 Q Good morning. Tom Bond on behalf of MCI.

20 A Good morning.

21 Q First, I believe in your testimony you talk
22 about area plus plan.

23 A Correct.

24 Q Are those calls 1+ calls? Is that how you
25 make an area plus call?

1 A Yes.

2 Q And so because they're a 1+, if you dial
3 them as a 1+ call, it would go to your presubscribed
4 intraLATA carrier?

5 A Correct.

6 Q In regards to ECS calls, do you know how
7 long the average ECS call is in BellSouth's territory?

8 A No, I do not.

9 Q On Page 7 of your direct testimony, Lines 9
10 through 14, you set forth a three-step prompt process
11 that BellSouth proposes to use; is that correct?

12 A Correct.

13 Q And Number 2 and 3 are listed as separate
14 prompts; is that correct?

15 A Yes.

16 Q So after the BellSouth rep reads prompt 2,
17 if a customer says yes at that point, the customer
18 never learns that there is a list of other carriers
19 that's available to be read; isn't that correct?

20 A When you say the customer says yes, what do
21 you mean by that?

22 Q The customer -- BellSouth advises the
23 customer that BellSouth can provide his local toll
24 service and the customer says okay.

25 A Okay?

1 Q "Okay. I'll take BellSouth."

2 A Okay.

3 Q So in that scenario the customer never even
4 learns that there is a list of other available
5 carriers; isn't that correct?

6 A No, that's not correct; because the first
7 statement lets the customer know that there are many
8 other carriers in the marketplace that do provide the
9 service.

10 If the customer is never read the list
11 because he chooses not to have the list read, all he
12 has no knowledge of is all the individual carriers;
13 but he would still know that there are many carriers
14 in the marketplace that do provide the service.

15 Q Under prompt 1 is he informed that BellSouth
16 does have a list available of those carriers that it
17 can read to him?

18 A Not in prompt 1.

19 COMMISSIONER CLARK: Mr. Bond, are you on
20 Page 5 of the rebuttal?

21 MR. BOND: I'm on Page 7 of the direct. I'm
22 sorry. It's Page 7, Lines 9 through 14.

23 Q (By Mr. Bond) Okay. On Page 10 of your
24 direct, Lines 18 through 22, you state that BellSouth
25 wants to educate the customer in a competitively

1 neutral manner; is that correct?

2 A That's correct.

3 Q Referring back to the three prompts on
4 Page 7, where in this three-step process does that
5 educational process occur?

6 A Well, it lets the customer know that there
7 are many carriers in the marketplace that provide the
8 service. It lets the customer know that BellSouth
9 does provide intraLATA toll service, while it does not
10 provide interLATA toll service, and gets to that
11 differentiation, and then offers to read a list if the
12 customer has not made a selection.

13 Q So the customer -- when you're talking about
14 customer education, you're talking about this
15 three-prompt process?

16 A Yes. And it's -- there's nothing magic
17 about the three prompts. It's just conveying the
18 information to the customer that there are many
19 interexchange carriers providing the service in the
20 marketplace and that BellSouth just happens to be one
21 of them as well.

22 Q At some point in this call, I took from your
23 testimony that you wanted to inform the customer about
24 conflicts with area plus, conflicts with ECS; is that
25 correct?

1 A Was that relative to an existing customer?
2 Because a new customer would have not made selections
3 relative to any calling plan at that time.

4 Q Okay. With the new customers are you saying
5 that there would not be a conflict between a new
6 customer having chosen, say, area plus and having
7 picked MCI as their presubscribed intraLATA carrier?

8 A Not unless he would have had any prior
9 knowledge of a calling plan and requested it, and then
10 that type of information may be shared with him that
11 he would have to utilize some other means of dialing
12 around in order to reach those calling plans.

13 Q Would a new customer already have area plus
14 when you asked them who they wanted as their intraLATA
15 carrier?

16 A Not usually. If he's a new customer, he has
17 no service in that area.

18 Q So your discussion of conflicts with area
19 plus are irrelevant to the new customer scenario; is
20 that correct?

21 A It may not be, but in most cases those kinds
22 of conflicts are generated in the existing customer
23 base more readily.

24 Q And when you talk about the conflict of
25 customers paying for a service like area plus and then

1 choosing someone else other than Bell as their
2 intraLATA carrier and, therefore, having to pay
3 BellSouth for a service they don't utilize, that
4 doesn't apply to what we're talking about in this
5 case; is that correct?

6 **A** It may not.

7 **Q** Probably doesn't?

8 **A** Probably doesn't, because the customer would
9 have not come to the company to request new service
10 and already have some sort of service.

11 **COMMISSIONER CLARK:** Let me ask a question.
12 I'm not sure I understand what area plus is.

13 **WITNESS GEER:** Area plus is an extended area
14 service type plan --

15 **COMMISSIONER CLARK:** OEAS.

16 **WITNESS GEER:** -- that is flat -- EAS --
17 that is flat-rated, and the customer pays a flat rate,
18 for example, \$26 a month for unlimited access to the
19 local toll network and making his local toll calls.

20 **COMMISSIONER CLARK:** Is it optional extended
21 area service, what used to be known as that?

22 **WITNESS GEER:** Yes, I believe so. I'm not
23 completely sure, though.

24 **COMMISSIONER CLARK:** Give me an example of
25 what you call an area plus.

1 **WITNESS GEER:** Area plus, it's just as I
2 explained it. That is the name of the service, and
3 it's area plus for consumers and it's business plus
4 for business type customers; but it's a flat-rated
5 service.

6 **COMMISSIONER CLARK:** I understand that
7 portion. Give me an example of where you offer it and
8 to whom you offer it.

9 **WITNESS GEER:** You would offer it throughout
10 the state for certain ranges of extended area service.
11 For example, in the southeast LATA you would have an
12 example of area plus service being offered in that
13 southeast LATA, which is rather large and is very
14 advantageous for customers to have access to this
15 service if they do make a lot of long distance local
16 toll calls.

17 **COMMISSIONER CLARK:** Do you have to get
18 approval from the Commission to offer this kind of
19 service?

20 **WITNESS GEER:** Yes. This service is
21 tariffed.

22 **COMMISSIONER CLARK:** Suppose I lived in
23 Miami and I called somebody, I guess, in -- I don't
24 know -- West Palm Beach. Does that cross a LATA
25 boundary?

1 **WITNESS GEER:** No, it does not.

2 **COMMISSIONER CLARK:** All right. And I
3 wanted to get a service where I just paid a flat rate
4 and was able to make as many calls as I wanted to Palm
5 Beach. I didn't care about anywhere else, I just
6 wanted Palm Beach. Can you offer me that?

7 **WITNESS GEER:** Yes.

8 **COMMISSIONER CLARK:** And that's tariffed?

9 **WITNESS GEER:** That's area plus.

10 **COMMISSIONER CLARK:** Let me ask it a
11 different way. You're a marketing person?

12 **WITNESS GEER:** I have the consumer
13 organization. Yes, marketing service; uh-huh.

14 **COMMISSIONER CLARK:** If someone -- I don't
15 know how to ask this. It's just not clear to me
16 that -- I guess what I really want to know is if area
17 plus is what we used to call OEAS.

18 **WITNESS GEER:** I can't answer that. I don't
19 believe so.

20 **COMMISSIONER CLARK:** I thought you just said
21 it was.

22 **WITNESS GEER:** I told you I really wasn't
23 sure if that might have been the prior description of
24 it. But I'm not familiar with that.

25 **COMMISSIONER CLARK:** At any rate, your

1 position is and I think in the questioning of Mr. Bond
2 said that's particularly not relevant to new
3 customers?

4 **WITNESS GEER:** It's not as relevant to new
5 customers as it has been to existing customers,
6 because a new customer by definition is coming in to
7 request service. Therefore, the likelihood that he
8 already has a service is slim.

9 However, this customer could down the road
10 select that service and end up in a confused state not
11 knowing that he really has a service that he has no
12 access to.

13 **COMMISSIONER CLARK:** But when a new customer
14 comes in, you don't tell them -- when a new customer
15 comes in and he says -- let's say right off the bat he
16 says he wants to have his intraLATA service from you.
17 So you can now talk to him.

18 **WITNESS GEER:** That's correct.

19 **COMMISSIONER CLARK:** Do you talk to him
20 about optional extended area service, or what you call
21 area plus? Do you tell him those are available?

22 **WITNESS GEER:** We talk to them about
23 optional calling plans that we have available, yes,
24 and that would be one of them, only if they select
25 BellSouth as their intraLATA toll carrier.

1 **COMMISSIONER CLARK:** I guess then I'm
2 confused as to why it isn't relevant when you have a
3 new customer.

4 **WITNESS GEER:** Well, it --

5 **COMMISSIONER CLARK:** You might not know
6 about it, but you would market it to them, wouldn't
7 you?

8 **WITNESS GEER:** I would market it only if he
9 selects BellSouth as his intraLATA toll carrier. The
10 customer would not be aware that the service is even
11 available if he does not. He would not be marketed
12 that service if he selected another carrier for his
13 local intraLATA toll carrier.

14 **COMMISSIONER CLARK:** Okay.

15 **Q** **(By Mr. Bond)** In regards to ECS calls,
16 what was your testimony on how you were going to
17 educate the customers about ECS? I think you had
18 raised a concern about that; is that correct?

19 **A** Well, and as far as a new customer is
20 concerned, the same principle applies. These plans
21 are not a subscription type plan. These plans are pay
22 as you use.

23 And a customer would not know that they have
24 these kinds of plans available to them unless they
25 selected BellSouth as their local toll carrier, even

1 though the 25-cent plan and some of the others may
2 have been, you know, universally known to most
3 customers in the state of Florida for intraLATA toll
4 calling.

5 Q If MCI adopted a 25-cent ECS calling plan
6 similar to BellSouth's, would the customer learn about
7 that plan when it called BellSouth to sign up for
8 local service?

9 A No, he would not.

10 Q If MCI adopted a 20-cent ECS plan, would the
11 customer learn about that when it was calling
12 BellSouth to sign up for local service?

13 A No, he would not.

14 Q If MCI started providing 20-cent LATA-wide
15 calling, would they learn about that when they called
16 BellSouth for local service?

17 A No. BellSouth is not offering rates and
18 plans to their customers when they call. Obviously
19 they are not aware of all the myriad of plans and
20 programs that are available to customers.

21 However, the only time that BellSouth would
22 address their local toll calling plans is if the
23 customer did select BellSouth as their carrier.

24 COMMISSIONER JACOBS: Can I ask a question?
25 I see there are two types of customers that might be

1 coming to the scenario. One would be a customer who
2 is on an extended calling plan who may be moving and
3 leaving that plan.

4 WITNESS GEER: Right.

5 COMMISSIONER JACOBS: And another is a
6 customer who is not on a plan and maybe -- have the
7 opportunity to gain access to that extended calling
8 plan.

9 WITNESS GEER: Correct.

10 COMMISSIONER JACOBS: Okay. Let's address
11 the first one. Originally when that person, when that
12 customer was initiated into that service, based on
13 your experience, how would that have most likely to
14 have happened? In other words, if that customer is
15 already on an extended calling plan, how would that
16 most likely have happened?

17 WITNESS GEER: More than likely it happened
18 as a result of a discussion of local calling plans
19 that were available from BellSouth, if he was a
20 BellSouth intraLATA toll customer, and he would have
21 selected based on his needs the plan that best fit.

22 COMMISSIONER JACOBS: Okay. So coming into
23 that transaction where he is now, changing a service,
24 that probably would have been some knowledge for that
25 customer; would you agree?

1 **WITNESS GEER:** Pardon? I didn't --

2 **COMMISSIONER JACOBS:** If that customer is
3 now changing, moving to some new location already
4 under an extended calling plan, would you agree there
5 would have been some knowledge of the calling plan, of
6 an extended calling plan?

7 **WITNESS GEER:** If he's moving from a
8 BellSouth location to another BellSouth location --

9 **COMMISSIONER JACOBS:** Right.

10 **WITNESS GEER:** -- let's say in the same
11 city; he's just moving from one address to another.

12 **COMMISSIONER JACOBS:** Okay.

13 **WITNESS GEER:** When he is moving he would be
14 told that he currently has BellSouth intraLATA toll
15 service and that he has these kinds of calling plans,
16 and he would be asked if he wants to keep them or if
17 he wants to select someone else for his intraLATA toll
18 service.

19 **COMMISSIONER JACOBS:** And you can do that
20 today?

21 **WITNESS GEER:** He can do that today, yes.

22 **COMMISSIONER JACOBS:** Okay. Now, for the
23 customer who does not have those calling plans and is
24 moving to an area where they are available -- and I
25 assume if they were never, ever a BellSouth customer

1 before, if they were brand new to the area, in that
2 instance that's probably where they would most likely
3 not have any information about what your plans were.

4 **WITNESS GEER:** Correct.

5 **COMMISSIONER JACOBS:** Okay. But if they had
6 lived in that area somewhere before, but just simply
7 had not had access to an extended calling plan, how
8 likely would it be that they would have seen or been
9 exposed to any information about your calling
10 services?

11 **WITNESS GEER:** You're asking how would they
12 have been exposed --

13 **COMMISSIONER JACOBS:** In other words, have
14 they gotten a bill from you before, and would there
15 have been a bill stuffer that would have had some
16 information about that? By having been in your
17 service territory -- (interruption) --

18 **CHAIRMAN JOHNSON:** We're going to go off the
19 record for a fire alarm.

20 (Brief recess.)

21 - - - - -

22 **CHAIRMAN JOHNSON:** We're going to go back on
23 the record.

24 **COMMISSIONER JACOBS:** Okay. My question
25 essentially was, for those people who would have

1 been -- who are existing BellSouth customers, but
2 previously had not been -- extended calling service,
3 how likely is it that they would have been exposed to
4 some material, some marketing, some education about
5 those plans so that when they move into -- and it
6 becomes available they could ask an intelligent
7 question about it?

8 **WITNESS GEER:** Your question is, how likely
9 is it that they would have been exposed to some
10 information relative to calling plans?

11 **COMMISSIONER JACOBS:** Correct.

12 **WITNESS GEER:** Somewhat likely through
13 advertising and so forth.

14 **COMMISSIONER JACOBS:** Okay.

15 **CHAIRMAN JOHNSON:** Is that it?

16 **COMMISSIONER JACOBS:** That's it.

17 **Q** **(By Mr. Bond)** Just a couple more
18 questions. Ms. Geer, are you aware that MCI has had a
19 5-cent per minute intraLATA calling in Florida --

20 **A** Yes.

21 **Q** -- in BellSouth's territory? Would you
22 agree that if a customer makes a 4-minute call using
23 MCI as their presubscribed intraLATA carrier on a
24 route that would be a BellSouth ECS route, that the
25 call would be cheaper using MCI than BellSouth?

1 **A** It would be 20 cents. Yes.

2 **Q** If BellSouth's purpose is customer education
3 when customers are choosing their intraLATA PIC, does
4 BellSouth intend to inform customers that if they make
5 short duration calls on ECS routes, that they would be
6 better off using MCI than BellSouth?

7 **A** What BellSouth is proposing is to allow the
8 customer the knowledge that BellSouth also provides
9 the service. And with the restriction at the moment,
10 a customer who comes to our business office to ask for
11 new service is not even aware that BellSouth provides
12 intraLATA toll service unless he directly asks a
13 question about that service.

14 What BellSouth is proposing is that they be
15 allowed to say that they can also provide that
16 service.

17 **Q** Okay. BellSouth is not proposing to give
18 the customer details about that service unless the
19 customer chooses BellSouth?

20 **A** That is correct.

21 **MR. BOND:** I have no further questions.
22 Thank you.

23 **CHAIRMAN JOHNSON:** Ms. Rule?

24 **MS. RULE:** May I have just one minute?

25 **COMMISSIONER CLARK:** Ms. Geer, did you

1 attach to any of your testimony like a script you give
2 to your customer service people when they have a new
3 customer call them?

4 **WITNESS GEER:** We don't utilize a script.
5 We give them some guidelines regarding the points that
6 they need to make sure they got across to the
7 customer.

8 **COMMISSIONER CLARK:** But you didn't make
9 that part of your exhibits, did you?

10 **WITNESS GEER:** No. The testimony addresses
11 the --

12 **COMMISSIONER CLARK:** Can you pretend
13 somebody has called in as a new customer, and what --

14 **WITNESS GEER:** With the current
15 restriction --

16 **COMMISSIONER CLARK:** Right.

17 **WITNESS GEER:** -- as it stands today, a
18 customer would call in to request brand new service,
19 and he would be told that there are various carriers
20 in the marketplace that provide intraLATA toll
21 service.

22 **COMMISSIONER CLARK:** But you'd first take
23 care of the local service; is that right?

24 **WITNESS GEER:** No. Let me give you a little
25 bit of an understanding of the contact and how it

1 flows.

2 COMMISSIONER CLARK: Okay.

3 WITNESS GEER: The first item we discuss
4 with the customer is interLATA toll service, which
5 BellSouth, of course, does not provide.

6 That customer would be asked -- would be
7 told first that there are many interexchange carriers
8 that provide that service in the marketplace, and
9 then --

10 COMMISSIONER CLARK: Ms. Geer, let me
11 interrupt you. If I call up and say I need new
12 service, don't you ask where I live first?

13 WITNESS GEER: Well, yes. You --

14 COMMISSIONER CLARK: I would like to start
15 from that point.

16 WITNESS GEER: That's fine.

17 COMMISSIONER CLARK: You get all the
18 information --

19 WITNESS GEER: Obviously you're going to ask
20 what the new address is, and once that -- at least
21 that information is noted, then the contact
22 negotiation would begin relative to the kinds of
23 services that you will be eligible for.

24 And I apologize. That was where I started,
25 but obviously first we would address --

1 **COMMISSIONER CLARK:** You get all the
2 information you need.

3 **WITNESS GEER:** Correct.

4 **COMMISSIONER CLARK:** Now you're going to ask
5 him what kind of service he wants, and he says, I want
6 a phone line. And then do you ask him about vertical
7 services he might want; call waiting, call forwarding?

8 **WITNESS GEER:** The order of the contact
9 negotiation on a new order is first to negotiate what
10 interLATA toll carrier he is selecting.

11 **COMMISSIONER CLARK:** Okay.

12 **WITNESS GEER:** And the way that part of the
13 contact goes, no script, just guidelines as to the
14 points they have to cover is they're told that the --
15 the customer is told that several carriers in the
16 marketplace offer that service, and if the customer
17 does not have a preselected carrier at that time in
18 mind, he is offered to read a list of the available
19 carriers in the marketplace, and that list is read to
20 them.

21 Once that is -- that carrier is selected for
22 the interLATA toll service, then he is asked to make a
23 selection of his intraLATA toll carrier; and basically
24 the very same comments are made to the customer with
25 the current restrictions.

1 What the customer is told is strictly that
2 there are very many carriers in the marketplace that
3 provide that service, and if he does not have a
4 predetermined selection at that time, he is offered to
5 read the list of those carriers that provide the
6 service.

7 BellSouth is not a member of the interLATA
8 toll list that is read to the customer. BellSouth,
9 however, is a member of the intraLATA toll service
10 list that is provided to the customer.

11 And in most situations a customer, even if
12 he asks us to read the list for interLATA toll carrier
13 selection, is seldom going to be asking us to read
14 what he perceives to be the very same list on the
15 intraLATA toll carrier selection.

16 However, the only distinction between those
17 two lists is that BellSouth is a part of the intraLATA
18 toll carrier list and not interLATA toll carrier list.
19 So that's why it is so important for BellSouth to at
20 least be able to educate the customer in the fact that
21 they do provide that service.

22 **COMMISSIONER CLARK:** I'm sorry. You said if
23 they ask for you to read the lists on interLATA,
24 they're not likely to ask you to read the list on
25 intraLATA?

1 **WITNESS GEER:** That is correct.

2 **COMMISSIONER CLARK:** Because they'll use the
3 same carrier?

4 **WITNESS GEER:** Because the list is very
5 long, and because most customers really do not want to
6 extend their contact when they're requesting service.
7 And it would be their perception, and if you listen to
8 customer contacts -- I have 1500 reps in the state --
9 if you listen to very many customer contacts, you will
10 find out the customers want to make it through the
11 contact rather smoothly and quickly, and nine times
12 out of 10 would not be requesting that you read what
13 they perceive to be the very same list the second time
14 around.

15 **COMMISSIONER CLARK:** So let me just be
16 clear. The first thing after you get all the
17 information, the first optional or be -- the first
18 service you talk about is intraLATA?

19 **WITNESS GEER:** Inter.

20 **COMMISSIONER CLARK:** Inter. Okay. And then
21 you talk about intra.

22 **WITNESS GEER:** Intra. And then you talk
23 about local service. So it's inter, intra, and then
24 local service.

25 **COMMISSIONER CLARK:** Are you required to do

1 it in that order?

2 WITNESS GEER: Yes.

3 COMMISSIONER CLARK: By whom?

4 WITNESS GEER: I assume there are company
5 procedures, but there may be something more to it that
6 I'm not aware of at this point.

7 COMMISSIONER CLARK: When I said you, is
8 there any requirement from either the FCC or the
9 Commission that you do it that way?

10 WITNESS GEER: I am not aware of that being
11 the reason.

12 COMMISSIONER CLARK: So inter is first. You
13 ask him if he has a carrier in mind.

14 WITNESS GEER: That's correct. Well, we
15 tell them that there are many carriers in the
16 marketplace that offer this service, and we do tell
17 them that he needs to select one; and if he does not
18 have one in mind, then we do offer to read the list of
19 all the available carriers, which could be a very
20 lengthy list in Florida especially.

21 COMMISSIONER CLARK: And then you say after
22 he's done the interLATA, then you say "You also have
23 to --

24 WITNESS GEER: Select your intraLATA toll
25 carrier.

1 **COMMISSIONER CLARK:** Do you call that local
2 toll? Do you do you describe that to them as local
3 toll?

4 **WITNESS GEER:** Local toll, yes.

5 **COMMISSIONER CLARK:** And currently you say
6 "There are a number of carriers. Do you have one in
7 mind?"

8 **WITNESS GEER:** And if not, you offer to read
9 the list. The procedure with the restrictions is
10 identical, even though BellSouth provides intraLATA
11 toll service.

12 **COMMISSIONER CLARK:** If he says "No, I don't
13 want to hear the list," then what happens? They say
14 "Who do you want to subscribe to"?

15 **WITNESS GEER:** Correct.

16 **COMMISSIONER CLARK:** At that point can you
17 say "And, by the way, Bell provides the service"?

18 **WITNESS GEER:** No. At this time you are not
19 allowed to mention that BellSouth in any way, shape,
20 or form provides intraLATA toll service unless the
21 customer says -- asks a direct question that says "But
22 don't you, BellSouth, provide intraLATA toll service,"
23 and then obviously we're going to respond truthfully
24 and say "Yes, we do."

25 **COMMISSIONER CLARK:** I noticed something in

1 your direct testimony that you were concerned about
2 you being accused of fraud if you didn't provide
3 certain information. Let me see if I can find it. I
4 think it's on Page 8 and 9. (Pause)

5 That only applies when it's an existing
6 customer?

7 **WITNESS GEER:** Well, the customer in this
8 particular example would have had to have been
9 subscribed to the service.

10 **COMMISSIONER CLARK:** Suppose --

11 **WITNESS GEER:** However, the customer could
12 be aware of a plan such as area plus and request to
13 subscribe to it even though he may have also agreed to
14 subscribe to a different carrier. And then in that
15 case, most likely we would be notifying him that in
16 order to benefit from that plan he has just selected
17 he needs to use a dial-around method.

18 **COMMISSIONER CLARK:** You mentioned
19 Steinhatchee as a problem area with respect to ECS
20 calls and not being able to educate ahead of time
21 about what happens when you choose another carrier.

22 **WITNESS GEER:** Correct.

23 **COMMISSIONER CLARK:** In that case when you
24 have a new customer and you got to intraLATA and they
25 said "I want it to be the same as my interLATA," which

1 happens to be AT&T, you would not provide them with
2 information about the 25-cent plan; is that correct?

3 WITNESS GEER: That is correct.

4 COMMISSIONER CLARK: All right.

5 WITNESS GEER: A new customer that selects
6 another carrier with the current restrictions would
7 have no knowledge, unless he asked specific questions,
8 of any calling plans or any ECS type services that
9 BellSouth does offer in his area.

10 COMMISSIONER CLARK: Thank you.

11 WITNESS GEER: You're welcome.

12 CROSS EXAMINATION

13 BY MS. RULE:

14 Q Good morning, Ms. Geer.

15 A Good morning.

16 Q I'd like to follow up on a question that
17 Commissioner Clark asked you about why people are not
18 having your phone representatives read a list of
19 intraLATA carriers, and she wondered if it was perhaps
20 because they're choosing the same carrier.

21 Now, as I understand your testimony, over
22 70% of new customers are not choosing the same carrier
23 as they're choosing for long distance. In fact,
24 they're choosing BellSouth, right?

25 A New customer -- you're talking about the

1 Exhibit HG-1?

2 Q I'm not referring to a specific exhibit.
3 I'm asking you if over 70% of new customers are
4 choosing BellSouth for intraLATA toll.

5 A Well, in residential customers, the data I
6 provided says that 68% of the customers choose
7 BellSouth in new service connections.

8 Q Well, let's look at your Exhibit HG-1 on
9 Page 1, the total access lines; I believe the number
10 73% overall in the far right column there, the first
11 percentage listed.

12 A Okay.

13 Q So it's 73% of all new customers are
14 choosing BellSouth for intraLATA total, correct?

15 A Correct.

16 Q Okay. So they're not -- they can't be
17 choosing the same carrier as for their interLATA
18 carrier because BellSouth doesn't offer interLATA
19 toll, correct?

20 A That is correct.

21 Q So 73% of the customers, even without what
22 you're characterizing as BellSouth's ability to tell
23 them about the service, apparently are asking about it
24 and know about it, correct?

25 A I don't know that I would say that they're

1 asking about it. They are obviously selecting it
2 based on the data we have provided.

3 Q I'm not sure if I understand what you're
4 saying. Are you telling me that you don't know why
5 they're selecting it?

6 A No. You asked me, obviously they're asking
7 about it because they're selecting it, and what I
8 responded to you was that I would not make the
9 statement that they're asking about it. All that I
10 would make the statement to relevant to the data is
11 that they did select BellSouth in 73% of the
12 instances.

13 Q Okay. Now, if I understand your explanation
14 to Commissioner Clark of how people select intraLATA
15 toll carriers, then in order for that to happen, in
16 order for a customer to select BellSouth, they'd have
17 to either hear the name read on the list, if it came
18 up randomly, or ask "Do you provide it," or just flat
19 out say "I want BellSouth;" is that correct?

20 A That's correct.

21 Q And I couldn't think of any other way that
22 they'd come up with that except knowing about it,
23 being told about it randomly, or asking if BellSouth
24 provided it, right?

25 A Correct.

1 Q So at least in 73% of the customer cases,
2 the customers either know about it already or are
3 asking, correct?

4 A Correct.

5 Q And in fact, isn't it correct that BellSouth
6 receives a lot of questions about whether BellSouth
7 provides interLATA toll?

8 A Yes. They do receive a reasonable number of
9 calls asking about interLATA toll service.

10 Q So customers are aware that there's
11 competition in the long distance industry, right?

12 A Definitely.

13 Q And they're asking what services BellSouth
14 can provide for them, right?

15 A Yes.

16 Q And that's under the current restrictions,
17 correct?

18 A Yes.

19 Q Okay. Now, on your testimony -- I'm
20 sorry -- your direct testimony at Page 5 on Line 18,
21 you state that the target of competitors' marketing
22 appears to be existing customers.

23 A That's correct.

24 Q And your proposal with regard to specific
25 prompts to be used by your service representatives,

1 that's with respect to new customers, isn't it?

2 A In this particular filing, yes, it is.

3 Q So the proposal you're making with respect
4 to new customers wouldn't affect BellSouth's activity
5 with regard to the existing customers or affect
6 competitors' activity with existing customers, would
7 it?

8 A No.

9 MS. RULE: Thank you.

10 CHAIRMAN JOHNSON: Staff?

11 CROSS EXAMINATION

12 BY MR. COX:

13 Q Good morning, Ms. Geer. Will Cox on behalf
14 of the Commission Staff. I'd like to ask you several
15 questions this morning regarding responses that you
16 gave in the deposition that was taken in this
17 proceeding and the transcript of which is Exhibit C.

18 You stated in that deposition that the
19 present circumstances, meaning that circumstances with
20 the present marketing restrictions imposed, do not
21 stifle competition, but instead create an unlevel
22 playing field for the players; is that correct?

23 A Correct.

24 Q I think you were asked the question about
25 whether, in fact, the restrictions do stifle

1 competition. And I think your response was "They may
2 not stifle competition, but they create an unlevel
3 playing field for the players."

4 A It creates an unlevel playing field for the
5 players because BellSouth does provide the service.
6 However, they are prevented from even educating the
7 customer or informing the customer that they do
8 provide the service.

9 Q And how are they specifically prohibited
10 from educating the customer?

11 A Because the current restrictions do not
12 allow BellSouth to let the customer know that they do
13 provide the service, unless the customer specifically
14 asks the question relative to whether they provide the
15 service or not or whether there is any calling plan
16 that they provide under BellSouth that they could
17 benefit from.

18 Q Could you distinguish between circumstances
19 that amount to stifling competition versus
20 circumstances that would amount to creating an unlevel
21 playing field for the players?

22 A I don't know that I can answer that question
23 very well at this point, but the point that I do want
24 to make regarding that is that the data that we have
25 provided does show that competition in the intraLATA

1 toll market is certainly thriving and has certainly
2 increased during the time frame that we have had these
3 restrictions.

4 And the initial intent of the restrictions
5 was to have interexchange carriers create their
6 presence and to make customers aware that there was
7 competition and that there were a lot of players in
8 the marketplace that provided the service.

9 During that time frame, however, BellSouth
10 was restricted in the intraLATA toll market from even
11 telling customers that they provided the service, and
12 that is certainly creating an unlevel playing field
13 for BellSouth, who does provide the service.

14 So when we have agreed that carrier
15 marketing will be the approach of dealing with this
16 environment in the intraLATA toll market, then
17 creating a level playing field and, therefore, truly
18 enhancing competition so that the customer can win
19 with good local plans that everybody offers and
20 competitive rates, BellSouth needs to play in that
21 same level playing field by being able to say that
22 they at least offer the service.

23 **CHAIRMAN JOHNSON:** We're going to need to
24 take a 15-minute break.

25 (Brief recess.)

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CHAIRMAN JOHNSON: We're going to go back on the record. Staff?

Q (By Mr. Cox) Ms. Geer, I'd like to follow up on a couple of your responses. We were talking about was there, in fact, a difference between circumstances that -- or restrictions that would stifle competition versus restrictions that might create an unlevel playing field, and I wasn't really clear if you had come up with a difference.

My understanding of your response was that there wasn't much of a difference. But is there a difference?

A That is quite right, because in this situation that we're operating at this moment, the competition is being stifled as well as BellSouth is not part of a level playing field, and -- because they cannot compete and even make the customer aware that they're offering the service.

At the same time, it could be said that the competing carriers are not as motivated to be bringing in very competitive local calling plans to compete against BellSouth because BellSouth does have the restrictions. So I think you can see that the two play together. Competition is stifled as well as

1 BellSouth is being not allowed to mention that they
2 are a player in the marketplace.

3 Q One thing I also wanted to clarify. I think
4 you -- in your earlier response you talked about the
5 purpose of the restrictions. Could you restate for me
6 what the purpose -- your opinion of what the purpose
7 of the restrictions is?

8 A As I understand it, the purpose of the
9 restrictions were to promote intraLATA toll
10 competition by increasing customer awareness as well
11 as by allowing the interexchange carriers to establish
12 their presence in the marketplace, in the intraLATA
13 toll marketplace at the time.

14 Q And that was because prior to intraLATA --
15 equal access, intraLATA presubscription, BellSouth had
16 100% of the market for intraLATA calls?

17 A I can't address what percent, but customer
18 awareness was probably not there prior to intraLATA
19 presubscription to the --

20 Q But was there even a --

21 A -- extent that it is there now.

22 Q Okay. But was there even a choice?

23 A Customer -- carriers were offering it on a
24 1 XXX basis prior to the '95 presubscription ruling.

25 Q But very few customers would have been aware

1 of that; is that correct?

2 A That is probably the case, yes.

3 Q You also stated in your deposition that the
4 present circumstances with the restrictions create a
5 great deal of customer confusion.

6 A Correct.

7 Q Could you describe the customer confusion
8 that you're talking about?

9 A Well, customers do not realize, first of
10 all, that BellSouth offers the service at all;
11 therefore, two types of situations could transpire.
12 One, the customer is not aware that he has access to
13 some types of local calling plans that would benefit
14 him. And in other cases the customer may indeed have
15 subscribed to a plan, and then, because he is not
16 utilizing BellSouth as the intraLATA toll carrier, be
17 basically paying for a service that he's actually not
18 benefiting from.

19 And there's a great deal of confusion in the
20 customer's mind relative to both of those situations,
21 what's available to them, since it's not made known up
22 front; and also those things that he may have
23 subscribed to at some point that he's actually not
24 being able to utilize and gain the benefit from
25 because he has a different toll carrier for his

1 intraLATA toll.

2 Q Now do you know exactly how widespread this
3 problem of consumer confusion is? For example, how
4 many complaints does BellSouth receive regarding
5 customer confusion in this area?

6 A I don't have an actual number that I could
7 relate to you. However, it is very common for
8 customers to be very confused because they do not
9 become aware that BellSouth offers the service with
10 the current restrictions initially; and, therefore, it
11 is only after the fact that they become aware possibly
12 that there may be some lack of continuity with the way
13 his service is laid out.

14 He thinks he's able to utilize this kind of
15 service, and he either has access to it or doesn't
16 have access to it, or has paid for it or has not paid
17 for it. And you can listen to a lot of customers
18 calling with a great deal of confusion in this area,
19 yes, but I couldn't quantify it.

20 Q If you don't have an exact number, then what
21 is the basis of your opinion that the problem is
22 fairly --

23 A The basis of my opinion is the fact that I
24 have responsibility for the consumer services
25 organization in the south territory of Florida. The

1 number of representatives that report to me and that I
2 have responsibility for is in excess of 1500, and a
3 good portion of my job requires that I listen and
4 observe to -- the kind of service that these
5 representatives are providing to our public.

6 Q In your opinion, how might the problem of
7 customer confusion be corrected?

8 A One of the ways certainly that it can be
9 corrected is by allowing the customer to be made aware
10 of the fact that BellSouth is one of the carriers that
11 provide this service and, as a result, he becomes
12 aware of the full choice -- the full array of choices
13 he might have.

14 He would possibly ask what calling plans
15 does BellSouth offer and, therefore, he would be
16 judging BellSouth's services along with the other
17 carrier services, where right now he does not have
18 that opportunity.

19 So in most cases these customers are making
20 decisions on what carrier they will utilize devoid
21 totally of any knowledge of whether BellSouth even
22 offers the service, much less of what services
23 BellSouth offers that could be beneficial to the
24 customer.

25 Q How would you make the customers aware?

1 A Our proposal is to let the customers know
2 that there are other carriers in the marketplace that
3 provide the service and make them aware that BellSouth
4 is one of those customers.

5 Obviously if they still cannot make a
6 selection, we would offer to read the list of all the
7 carriers that provide the service.

8 Q I guess I'm asking, aside from the protocol
9 proposal that you've offered when you're addressing a
10 new customer, what other ways would you make customers
11 aware?

12 A Are you relating to possibly advertising?

13 Q I don't know. I was just -- I was asking
14 what other proposals BellSouth might have to make
15 customers aware, other than the direct call where a
16 new customer is being signed up.

17 A In the past there has been some level of
18 advertising to customers relative to, for example, the
19 25-cent plan and others. So they could become aware
20 of these types of local calling plans that BellSouth
21 has available by just media type advertising.

22 **COMMISSIONER CLARK:** While he's looking at
23 his notes, if the restrictions are changed such that
24 you can market your service to new customers, you
25 intend to follow what you had, I guess, on page -- you

1 had it both in your rebuttal and your direct
2 testimony. And you would advise the customer that he
3 has the option of selecting a long distance carrier
4 for local calls. You would advise them that BellSouth
5 can provide the service and then would offer to read
6 the list?

7 WITNESS GEER: That's correct.

8 COMMISSIONER CLARK: Suppose somebody says
9 "Fine. I think I'll take AT&T," and suppose you have
10 an ECS plan, a 25-cent call. Even though they've
11 asked for AT&T, are you going to advise them about
12 what ECS is available to them and --

13 WITNESS GEER: No.

14 COMMISSIONER CLARK: -- how to reach that?

15 WITNESS GEER: No. We would not advise the
16 customer of our calling -- local calling plans if he
17 has already made a selection of a different carrier.
18 We would not be marketing our local calling plans if
19 he has selected another intraLATA toll carrier.

20 COMMISSIONER CLARK: So that person would
21 just have to find out on their own, for instance, that
22 in Steinhatchee you had a 25-cent call plan to
23 somebody?

24 WITNESS GEER: That's correct.

25 Q (By Mr. Cox) I think what I was moving to

1 was another response in your deposition where you say
2 that you received complaints when customers felt that
3 by not educating them up front, that you had failed to
4 serve them well.

5 A That's correct.

6 Q Could you explain what do you mean there by
7 customer education?

8 A What I mean there by customer education is
9 by making them aware that BellSouth does provide that
10 type of service, intraLATA toll service, which they
11 may not be aware of, since in a lot of cases, they
12 have come to see documentation from other carriers
13 that steer into believing that they can only have one
14 carrier for all their long distance service, whether
15 it be local, or intraLATA, or interLATA.

16 So there's a lot of customer confusion in
17 the marketplace relative to that situation as well,
18 which is one of my exhibits on my deposition. And,
19 therefore, education would be at least ensuring that
20 the customer is aware that in the intraLATA toll
21 market BellSouth is a player and we do offer that
22 service.

23 It is not until we at least do that that the
24 customer can really then realize the benefits of what
25 the competitive marketplace is all about and having

1 the full scope of choices that are offered.

2 Q And would you say that this type of customer
3 education or making customers aware of the situation
4 is critical to mitigating the customer confusion?

5 A Absolutely.

6 COMMISSIONER CLARK: Let me follow up on
7 that. If the person says -- you know, that you run
8 through your list, you say, do you know that BellSouth
9 can provide it, and then they say, yeah, let me hear
10 the list, and then they choose AT&T, you're still not
11 going to tell them about ECS plans, don't you think
12 that's going to be confusing, too?

13 WITNESS GEER: Could be confusing, but our
14 proposal has been that we will still maintain a fair
15 and nondiscriminatory manner of sharing with the
16 customer that BellSouth does provide the service.

17 So if that customer has made a selection
18 of -- I think you mentioned AT&T or MCI or someone
19 else, we're not going to attempt to change that
20 customer's mind by letting him know that there are
21 calling plans that BellSouth can offer that may or may
22 not benefit him better than what he might have decided
23 to select.

24 COMMISSIONER CLARK: Is BellSouth now
25 undertaking a marketing strategy of calling some of

1 their existing customers to market their services?
2 Suppose I chose AT&T; would you then turn it over to
3 another marketing arm and say, you know, these are
4 people that have chosen the other carriers; should we
5 be calling them to tell them information about ECS?

6 **WITNESS GEER:** Outbound telemarketing is
7 done on a targeted basis in our corporation, and the
8 different programs that are done throughout the year
9 could include in some cases, for example, customers
10 that may have service like area plus that have now
11 selected a different carrier.

12 We certainly would target those customers to
13 let them know that they now are paying for a service
14 that they may not be getting the benefit of unless
15 they know the dial-around code, and we would make them
16 aware of that.

17 **COMMISSIONER CLARK:** Okay.

18 **WITNESS GEER:** But I couldn't really tell
19 you that we have a plan that currently does that as
20 you explained it.

21 **COMMISSIONER CLARK:** All right. Thanks.

22 **Q** **(By Mr. Cox)** In your deposition you also
23 stated that many competing carriers are still
24 providing per-minute type calling plans instead of
25 flat-rated type calling plans; is that correct?

1 A That's correct.

2 Q Now, does BellSouth pay switch access
3 charges on its flat-rated intraLATA toll calling
4 plans?

5 A Can you ask that question again?

6 Q Sure. Does BellSouth pay switch access
7 charges on its flat-rated intraLATA toll calling
8 plans?

9 A I can't -- I'm really not the best person
10 to answer that question.

11 Q Would it be your understanding that if a
12 competing carrier were to offer these types of flat
13 rate intraLATA toll calling plans, that they would
14 have to pay BellSouth the switched access charges?

15 A Yes, I would assume so.

16 Q Do you think that would be a financial
17 difficulty for a competitor because of them having to
18 pay those switched access charges in trying to compete
19 with these types of flat-rated intraLATA toll calling
20 plans?

21 A I would assume that that would be something
22 they would have to include as part of the financial
23 aspect of the plan that they develop. I mean, I would
24 assume that part of the business case they prepare in
25 order to offer such a flat service rated plan that

1 they would have taken that into consideration.

2 Q We were talking earlier today with -- about
3 the -- your exhibits that you attached to your direct
4 testimony, HG-1 and HG-2, particularly HG-1 and the
5 data you provided. Now, that was based on an activity
6 basis and not total access lines basis; is that
7 correct?

8 A That's correct.

9 Q Given that premise, does the level of
10 activity really show a significant level of
11 competition in the interLATA market?

12 A My estimation it does.

13 Q Why would you say that?

14 A The activity totaled action requested on
15 4.6 million lines from the period of 1/1/97 to 3/1/98.

16 Q So because of the sheer number of lines
17 we're talking about is why you think it is --

18 A That is not lines. This is actual activity,
19 or requests. I guess if you tried to look at the
20 number of access lines in Florida, it's about
21 4.3 million lines in residential service, and about
22 another 2 million in business service. This level of
23 activity certainly is perceived by me as quite high,
24 though you cannot relate one to the other.

25 Q You also stated that for a customer who

1 would subscribe, for example, to the residential area
2 plus BellSouth service but then would -- selected a
3 different intraLATA toll provider, that the customer
4 would likely be paying for a service, being the area
5 plus service, that he or she is not using; is that
6 correct?

7 A That is correct, unless he is aware of the
8 dial-around code that is available in order for him to
9 still utilize the area plus type service rates.

10 Q In the case of a new customer, how would
11 BellSouth know that the customer is subscribed to a
12 service such as area plus that he or she is not using?

13 A In the case of area plus, we do make a
14 concerted effort to let customers know who have that
15 service and have a different carrier than BellSouth
16 for the intraLATA toll service. We do make a
17 concerted effort after the fact to send them a mailer
18 that lets them know that they can dial around in order
19 to utilize the service they're paying for, or
20 disconnect the service they're paying for.

21 Q How soon after the switch to the new
22 intraLATA toll provider would this mailer be sent out?

23 A It's within the first 30 to 60 days.

24 Q And what you just described, is that all the
25 mailer says?

1 A No. There's additional information on
2 there.

3 Q What else is included in that mailer?

4 A I don't have an actual copy with me here,
5 but it basically just lets the customer know that he
6 could be -- he could be in this case paying for a
7 service -- we don't know if he's using a dial-around
8 code, so obviously all we're trying to do at that
9 point is let him know that he does have the service,
10 that he pays for it on a flat-rate monthly basis, and
11 that he has selected another carrier for his intraLATA
12 toll service and, therefore, in order to benefit from
13 that, or -- he can use a dial-around code, or he can
14 call and have the service disconnected if he wants to
15 utilize his current carrier for his intraLATA toll
16 service.

17 Q Do you think you could provide the
18 Commission with a copy of that mailer, an example of
19 that mailer?

20 A Yes, I can.

21 MR. COX: Staff would request a late-filed
22 exhibit, and I guess that would be Exhibit 7, and that
23 is a BellSouth mailer to customers who have changed
24 intraLATA toll provider?

25 CHAIRMAN JOHNSON: We'll mark that

1 Late-filed Exhibit 7 and short title it as described.

2 MR. COX: Thank you.

3 (Exhibit 7 marked for identification.)

4 Q (By Mr. Cox) So it is your position that
5 BellSouth can inform the customer that based on their
6 choice of intraLATA toll provider, their area plus
7 plan would now have to be accessed to be a
8 dial-around?

9 A Can you repeat that question --

10 Q Under the present restrictions BellSouth
11 will be permitted to inform a customer that based on
12 their choice of a new intraLATA toll provider, that
13 their area plus plan would then only be accessible
14 versus the dial-around?

15 A Yeah, on an outbound basis and after the
16 fact.

17 Q Just for clarification, in your deposition
18 you said that this notification would take place on an
19 outbound type basis. Is that what a mailer is, an
20 outbound type basis?

21 A That's correct.

22 Q Now, this mailer correspondence, just for
23 clarification, did it advise the customer on a
24 particular course of action that the customer should
25 take, or was it just revealing options?

1 A No. It gives them options, and it's just an
2 informative piece.

3 Q Earlier with Commissioner Clark you
4 discussed the order in the protocol of choosing the
5 interLATA carrier first, then the intraLATA, and then
6 the local, and it was sort of unclear why it was done
7 that way. I guess I wanted to know, has it always
8 been done that way?

9 A As far as I'm aware of.

10 Q So the local service was never selected
11 first in the protocol?

12 A Not that I'm aware of.

13 Q Do you have -- so you have no idea how long
14 this current order has been used?

15 A This current order has been used at least
16 for the last three years that I'm aware of.

17 Q So since intraLATA presubscription.

18 A Yes.

19 Q But prior to that, do you have any idea of
20 whether interLATA was before local --

21 A No, I --

22 Q -- or vice versa?

23 A -- really don't.

24 Q Now, you've discussed earlier today the sort
25 of a three-step approach to dealing with new customers

1 and their choice of intraLATA toll carriers if the
2 restrictions were lifted where you would first tell
3 the customer there were options; then you would let
4 the customer know that BellSouth is one of the
5 providers, one of the options, and then immediately
6 after you would offer to read from a random list.

7 Is this protocol competitively neutral?

8 A Yes, absolutely.

9 Q Why do you believe it's competitively
10 neutral?

11 A I believe it's competitively neutral because
12 it lets the customer know that there are other
13 carriers in the marketplace that provide the service,
14 but it also makes them aware of the fact that
15 BellSouth provides the service in the intraLATA toll
16 market; and it attempts to make a differentiation to
17 the extent possible that while BellSouth provides the
18 service in the intraLATA toll market, it does not
19 provide the service in the interLATA toll market, and
20 it makes the customer aware of that as an additional
21 option, but it makes it in a very fair and equitable
22 manner.

23 It just lets the customer know that
24 BellSouth is one of those carriers. Still offers to
25 read them the list if they're unaware or if they have

1 not made a decision.

2 Q Do you think the customers are generally
3 aware that there are choices of intraLATA toll
4 carriers?

5 A Can you --

6 Q Do you think customers are aware that you
7 have a choice as far as your intraLATA toll carrier?

8 A I would say yes, most customers are aware of
9 that.

10 Q What would you base that opinion on?

11 A I would base that opinion on a lot of the
12 advertising that's in the marketplace as well as the
13 activity that we have reported on as part of my
14 testimony and the level of activity certainly showing
15 that customers are aware of their choices for the most
16 part.

17 COMMISSIONER JACOBS: Are you aware of any
18 research that might have been done in that regard,
19 something on the order of an exit survey or something
20 of that sort, that can more formally document that?

21 WITNESS GEER: I am not aware of any
22 particular market research on local toll alone. There
23 has been quite a bit of research done on long distance
24 or interLATA service and competition, but I'm not
25 aware of market research on intraLATA toll relative to

1 customers' perceptions of the level of competition in
2 that arena.

3 COMMISSIONER JACOBS: Okay. Thank you.

4 Q (By Mr. Cox) You discussed the -- this is
5 based -- your opinion now is based on the activity.

6 Now, is this activity actually situations
7 where people are just changing their interLATA
8 carrier, or is this situations where people are
9 changing their long distance carrier and thereby they
10 change their intra and inter?

11 A The data cannot substantiate whether these
12 are changes that are tied to interLATA PIC changes as
13 well. I mean, I couldn't derive that kind of
14 information from the data I've provided, because this
15 data strictly addresses LPIC changes or activity. So
16 whether or not they were tied to interLATA PIC type
17 changes would be trying to say that the data means
18 something else that is not specifically stated there.

19 Q The FCCA/MCI/AT&T witness in this
20 proceeding, Ms. Seay, has stated that a thriving local
21 competitive market is necessary for a thriving
22 intraLATA toll market. Could you comment on that?

23 A Can you ask me that question again?

24 Q Sure. Ms. Seay has stated that a thriving
25 local competitive market is necessary for a thriving

1 intraLATA toll market.

2 Could you comment on that statement? Do you
3 agree or disagree?

4 A Well, I disagree on that comment, because we
5 have been able to prove that customers can certainly
6 differentiate, and customers know that they have
7 choices of different carriers for inter and intraLATA
8 toll service whether or not there may be many current
9 players offering local service at this time.

10 So I think customers can differentiate
11 between the two, and I don't believe that in order for
12 you to be able to say that there's intraLATA toll
13 competition, you have to also have local competition.

14 Q So you see nothing to her argument that
15 BellSouth is the primary company that makes the
16 changes for people's intraLATA toll carriers,
17 processes those changes, you know, is essentially the
18 gatekeeper that handles all of those changes? You see
19 nothing to those arguments?

20 A No, I -- what I'm saying by that is that
21 even though they are the gatekeeper, as you might have
22 referred to them, and the customer is calling us for
23 their local service, the customer is still very well
24 aware of the difference between intraLATA toll service
25 and local service; and BellSouth can still offer the

1 customer a very fair and nondiscriminatory manner of
2 sharing the fact that others provide that kind of
3 service and that they provide it as well.

4 Q Earlier you talked about whether you shared
5 information about other companies' plans and rates for
6 intraLATA toll services, and you said that you did
7 not.

8 A That's right.

9 Q If you were aware of the other companies'
10 plans, would you be willing to make that information
11 available?

12 A That isn't -- a question that I don't
13 believe I'm in a position to answer, because I would
14 assume that if BellSouth was requested to offer
15 information on other companies' rates and services and
16 calling plans, it would have to be some sort of legal
17 and/or agency agreement that I don't think is a part
18 of this -- is relevant.

19 Q I guess the thinking is that you're already
20 subject to these neutral protocols. If you were to be
21 neutral and someone asked the rate, if you had the
22 information and the companies had agreed to that,
23 would you be willing to do that?

24 A I don't know that I can really answer that
25 question. The issue here on the neutrality is being

1 able to offer the customer the options that include
2 BellSouth as a carrier that provides the service,
3 because they do indeed provide the service.

4 And I think that's where it comes about. We
5 don't talk about our local calling plans and we don't
6 offer rates or information about ECS routes or EAS
7 plans or anything unless the customer has already
8 selected BellSouth as their carrier.

9 So the issue of neutrality really comes
10 about in at least being able to make the customer
11 aware that we do provide the service, which is a case
12 in point, and it is a fact that we do provide the
13 service; and all we're asking to do is to make the
14 customer aware that we do.

15 Q In Ms. Seay's deposition that we took in
16 this proceeding she stated that if BellSouth were
17 allowed to market on the new customer call, meaning
18 the restrictions would be lifted, the competitor
19 market share would greatly diminish. Do you agree
20 with that statement?

21 A I don't agree with that statement. There is
22 customer awareness right now, and I don't believe that
23 just because BellSouth would let the customer know
24 that indeed they are also an option in the competitive
25 marketplace, that customers would be making any

1 different decisions greatly than they are making right
2 now.

3 At least they would be making a more
4 informed decision, and it would be truly depictive of
5 a competitive marketplace. But that in and of itself,
6 I haven't been given any information or shown any data
7 that would substantiate the fact that if BellSouth
8 shared that comment with a customer, the data would
9 reflect some trend totally different.

10 Q So if the restrictions were lifted, you
11 don't think competition would disappear?

12 A Absolutely not.

13 Q For the intraLATA toll services.

14 A The customer awareness is there. The
15 interexchange carriers have certainly established
16 their presence. That is not going to be changed by
17 the mere fact that BellSouth at least makes the
18 customer aware that they do offer the service, which
19 is a fact.

20 Q Actually one more follow-up on the question
21 we talked about earlier related to Ms. Seay's
22 statement about whether competition was viable and
23 intraLATA toll market was contingent on the presence
24 of local service competition.

25 So it's your opinion that intraLATA toll

1 competition can exist outside the presence of local
2 service competition?

3 A Absolutely. It does. We've shown that.

4 Q One last question. The Commission dealt
5 with a proceeding, a generic proceeding earlier this
6 year, regarding the other ILECs aside from BellSouth
7 in Docket 970526 and marketing restrictions related to
8 their intraLATA toll services. And the Commission
9 allowed Sprint-Florida to include in its script the
10 language "In addition to us, there are other local
11 toll -- other local toll providers are available."
12 Would BellSouth be amenable to this type of protocol?

13 A Absolutely.

14 Q Would you be amenable to that instead of
15 what you've offered in this --

16 A Absolutely, yes.

17 Q That concludes --

18 A I said earlier that we were not tied to the
19 verbiage or the wording, and we did not intend to make
20 this a script. All we were trying to drive the point
21 was that we would provide our representatives
22 guidelines to ensure that they at least covered these
23 particular points with the customer.

24 MR. COX: Thank you, Ms. Geer. That
25 concludes Staff's questions.

1 **CHAIRMAN JOHNSON:** Commissioners? Redirect?

2 **REDIRECT EXAMINATION**

3 **BY MS. KEYER:**

4 **Q** Ms. Geer, going back to the -- I believe in
5 your testimony and on cross you had testified about
6 new customers currently with the restrictions
7 BellSouth would not be able to advise customers of the
8 calling plans available; is that correct?

9 **A** That is correct, unless they choose
10 BellSouth as their intraLATA toll carrier.

11 **Q** If the marketing restrictions were, in fact
12 lifted, however, BellSouth would be able to make
13 customers aware of the local calling plans; is that
14 right?

15 **MR. McGLOTHLIN:** I think that's a leading
16 question. I object to it in that form.

17 **MS. KEYER:** Well, I can rephrase it.

18 **CHAIRMAN JOHNSON:** Okay.

19 **Q** **(By Ms. Keyer)** If the marketing
20 restrictions were lifted, would BellSouth be able to
21 make customers aware of the local calling plans?

22 **A** Yes, they would be able to do that after the
23 customer selects BellSouth as their local intraLATA
24 toll carrier.

25 **Q** Is BellSouth's loss of toll PIC-able lines

1 or toll PIC-able access lines an indication of market
2 share?

3 A Of market share loss?

4 Q Yes.

5 A Yes.

6 Q And what is BellSouth's loss of toll
7 PIC-able access lines in Florida?

8 A As of May 31st, 1998, Florida had lost 32%
9 of the residential access lines, 25% of the complex
10 business access lines, and 36% of the small business
11 access lines to other intraLATA toll carriers.

12 COMMISSIONER JACOBS: Now, is that a -- that
13 total is of those new customers requesting service, or
14 is that a total that you previously held?

15 WITNESS GEER: The information I just shared
16 is relative to the percent of access lines lost as it
17 relates to the total number of access lines in Florida
18 in each of those categories.

19 So that piece of statistics is really and
20 truly indicative of market share loss, because it
21 relates to number of access lines. The data that we
22 have addressed quite a bit during this proceeding
23 known as Exhibit HG-1 strictly addresses activity; a
24 call from a customer to make a change, that could
25 possibly be multiple times or different lines or same

1 customer two or three times or -- it's strictly
2 activity, what I had talked about previously.

3 Market share question that I was just asked
4 is relative to the total number of access lines in
5 Florida. 32% residential, 25% complex business, and
6 36% of the small business access lines are PIC'd to
7 other interexchange carriers for intraLATA toll.

8 COMMISSIONER JACOBS: Thank you.

9 Q (By Ms. Keyer) I have one final question.
10 I believe when Commissioner Clark was asking you
11 about -- I think a question she asked on the local
12 calling plans was would that not be -- something about
13 the customers, not fully informing them if you don't
14 advise them of the local calling plans if they select
15 another carrier with the marketing restrictions
16 lifted.

17 Would BellSouth be willing to cover those
18 local calling plans with the customer?

19 A If they have not --

20 MR. McGLOTHLIN: Excuse me. I want to
21 understand the question. Are you suggesting that
22 BellSouth modify the presentation it's made in this
23 petition by that question?

24 MS. KEYER: No. I'm asking if BellSouth
25 would be willing to alleviate a concern that I heard

1 Commissioner Clark express.

2 **WITNESS GEER:** Of offering customers the
3 local calling plans that are available from BellSouth
4 after the customer has already selected a different
5 intraLATA toll carrier. Right now that is not the
6 intent of this proceeding in any way, shape, or form
7 for this request.

8 **MS. KEYER:** That's it.

9 **CHAIRMAN JOHNSON:** Exhibits?

10 **MR. COX:** Staff would ask at this time that
11 Late-filed Exhibit 7 be moved into the record.

12 **CHAIRMAN JOHNSON:** Do I have that document?

13 **MR. COX:** You don't have a copy, because it
14 will be filed after the hearing.

15 **CHAIRMAN JOHNSON:** It's a late-filed, but
16 you're asking to have it moved in?

17 **MR. COX:** Well, I think it has to become
18 part of the record somehow. It doesn't have to be
19 moved? Okay.

20 **CHAIRMAN JOHNSON:** Not at this time.

21 **MR. COX:** Not at this time.

22 **CHAIRMAN JOHNSON:** Yes.

23 **MS. KEYER:** And I would like to move
24 Exhibit 6 into the record.

25 **CHAIRMAN JOHNSON:** We'll show Exhibit 6

1 entered into the record without objection.

2 (Exhibit 6 received in evidence.)

3 **CHAIRMAN JOHNSON:** Thank you. We'll call
4 the next witness.

5 (Witness Geer excused.)

6 - - - - -

7 **MR. BOND:** MCI, AT&T and FCCA would call
8 Sandy Seay as a witness.

9 **SANDRA SEAY**

10 was called as a witness on behalf of MCI, AT&T and
11 FCCA and, having been duly sworn, testified as
12 follows:

13 **DIRECT EXAMINATION**

14 **BY MR. BOND:**

15 **Q** Could you state your name and address for
16 the record, please?

17 **A** It's Sandra Seay. Business address is 780
18 Johnson Ferry Road, Atlanta, Georgia 30342.

19 **Q** And by whom are you employed?

20 **A** MCI Telecommunications Corporation.

21 **Q** And on whose behalf are you testifying in
22 this proceeding?

23 **A** MCI, AT&T, and FCCA.

24 **Q** And did you cause to be prefiled in this
25 case 11 pages of direct testimony and six pages of

1 rebuttal testimony?

2 A Yes, I did.

3 Q Do you have any changes or corrections you
4 would like to make to that testimony at this time?

5 A No.

6 Q If I was to ask you the same questions today
7 that appear in your prefiled direct and rebuttal
8 testimony, would your answers be the same?

9 A Yes.

10 **MR. BOND:** Madam Chairman, I would ask that
11 Ms. Seay's direct and rebuttal testimony be admitted
12 into the record as though read.

13 **CHAIRMAN JOHNSON:** It will be so inserted.

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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 1 1

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 BELLSOUTH 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 implementin g 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:

10

11 (g) Continued Enforcement of Exchange Access and Interconnection
12 Requirements: On and after the date of enactment of the Telecommunications Act
13 of 1996, each local exchange carrier, to the extent that it provides wireline
14 services, shall provide exchange access, information access, and exchange
15 services for such access to interexchange carriers and information service
16 providers in accordance with the same equal access and nondiscriminatory
17 interconnection restrictions and obligations (including receipt of compensation)
18 that apply to such carrier on the date immediately preceding the date of
19 enactment of the Telecommunications Act of 1996 under any court order, consent
20 decree, or regulation, order, or policy of the Commission, until such restrictions
21 and obligations are explicitly superseded by regulations prescribed by the
22 Commission after such date of enactment. During the period beginning on such
23 date of enactment and until such restrictions and obligations are so superseded,
24 such restrictions and obligations shall be enforceable in the same manner as
25 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 MCL, AT&T AND FCCA ADVOCATING THAT IXC'S CAN MARKET
19 THEIR SERVICES, WHILE BELLSOUTH AND OTHER LEC'S 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 inquires 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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1 MCI TELECOMMUNICATIONS, INC.,
2 AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
3 AND
4 FLORIDA COMPETITIVE CARRIERS ASSOCIATION
5 REBUTTAL TESTIMONY OF SANDRA SEAY
6 BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
7 DOCKET NO. 971399-TP
8 APRIL 13, 1998
9
10

11 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

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

15 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY.

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

19 Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING.

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

23 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

24 A. To rebut the Direct Testimony of Hilda Geer filed on behalf of BellSouth
25 Telecommunications, Inc. (BellSouth) in this matter.

1

2

3 **Q. ON PAGE 5, LINES 10 TO 11, BELLSOUTH WITNESS MS. HILDA GEER**
4 **STATES THAT BELLSOUTH WAS NOT THE CUSTOMER'S SELECTION**
5 **FOR HIS LOCAL TOLL CARRIER ON 32% OF NEW RESIDENTIAL LINES**
6 **AND 20% OF NEW BUSINESS LINES. ARE THESE STATISTICS EVEN**
7 **RELEVANT?**

8 **A.** No. The percentage of new customers who choose a competing provider is irrelevant to
9 the question of whether the competitively neutral protocols should remain in place. As I
10 discuss more below, the carrier neutral protocols for new customers are necessary
11 because BellSouth maintains a virtual monopoly on local service. They should remain in
12 place until the local market is competitive.

13

14 **Q. EVEN IF THESE PERCENTAGES ARE RELEVANT, DO THEY IMPLY THAT**
15 **BELLSOUTH HAS LOST ITS MARKET POWER OR IS SOMEHOW**
16 **DISADVANTAGED?**

17 **A.** Of course not. Under the competitively neutral protocols which BellSouth claims puts it
18 at a competitive disadvantage, 68% of new residential customers and 80% of new
19 business customers still choose BellSouth as their intraLATA provider. The 32% of new
20 residential customers and the 20% of new business customers that choose another carrier
21 are split between BellSouth's 51 intraLATA competitors. (See BellSouth's Response to
22 MCI's First Set of Interrogatories, Item No. 2) BellSouth now wants to actively market
23 to these new customers when they sign up for local service before the customer even
24 expresses any interest in BellSouth's intraLATA service and before the customer knows
25 that he has other options. As BellSouth leverages its monopoly status, this will

1 undoubtedly cause an even greater percentage of new customers to choose BellSouth.
2 As I explained in my direct testimony, BellSouth should continue to use competitively
3 neutral practices when talking to new customers about their choice of intraLATA carrier
4 because BellSouth is still the monopoly provider of local service.

5
6 **Q. WHY DOES BELLSOUTH'S STATUS AS THE LOCAL MONOPOLY**
7 **REQUIRE COMPETITIVELY NEUTRAL INTRALATA PRACTICES?**

8 **A.** As I previously stated in my direct testimony, all new customers must first come through
9 BellSouth. Because of its unique position as the gatekeeper for intraLATA service,
10 BellSouth's initial customer contact must be neutral. If it is allowed to use calls to its
11 bottleneck local services as an opportunity to leverage its intraLATA services, it would
12 unfairly disadvantage its intraLATA competitors. New customers could be pushed into
13 accepting BellSouth before they even know their other options. For this reason,
14 BellSouth should use the same competitively neutral practices when talking to its
15 customers about intraLATA choices as it uses when talking to them about interLATA
16 choices.

17
18 **Q. ON PAGE 3, LINES 8 TO 12, MS. GEER CONTENDS THAT THE**
19 **COMMISSION'S INTENT IN RESTRICTING BELLSOUTH'S ABILITY TO**
20 **MARKET ITS INTRALATA SERVICES TO NEW CUSTOMERS WAS TO**
21 **MERELY AFFORD COMPETING CARRIERS AN OPPORTUNITY TO**
22 **ESTABLISH THEIR PRESENCE IN THE INTRALATA MARKET. DO YOU**
23 **AGREE?**

24 **A.** No. BellSouth continues to miss the point. We contended, and believe the Commission
25 agreed, that the carrier-neutral protocol was necessary to recognize BellSouth's two hats and

1 2 3

1 to require BellSouth to separate them. Under one hat, BellSouth is a provider of services and
2 it markets those services. Under the other, as long as BellSouth is the dominant, near-
3 monopoly provider of local exchange service, it is the exclusive gateway to intraLATA
4 services that new customers must contact to obtain those services. The purpose of the
5 restriction was to ensure that BellSouth did not wear both hats at the same time. We believe
6 the reason why the Commission did not attach a time limit to this protocol is because the
7 Commission understood the need to maintain a carrier-neutral gateway as permanent as long
8 as BellSouth is the dominant LEC.

9
10 Ms. Geer attempts to portray the competitively neutral protocols for new customers as
11 shackles on BellSouth. The neutral gateway protocol that BellSouth is contesting requires
12 only that BellSouth mention all providers at the same time, without favoring one over the
13 other. In her testimony, Ms. Geer implies that the protocol somehow favors BellSouth's
14 competitors. It does not.

15
16 **Q. IF THE CARRIER-NEUTRAL PROTOCOL IS ELIMINATED, WHAT DOES**
17 **BELLSOUTH PROPOSE?**

18 **A.** At page 7, lines 9 to 14, Ms. Geer sets forth what BellSouth proposes to do if the carrier-
19 neutral protocol is eliminated. She says:

- 20
21 1) BellSouth would advise the customer that he has an option of selecting a
22 long-distance carrier for local toll calls.
23 2) BellSouth would advise the customer that BellSouth can provide his local toll
24 service.
25 3) BellSouth would offer to read to the customer the list of available carriers. If

1 the customer responds affirmatively, then the list should be read.

2
3 It should be clear from this that BellSouth is asking for permission to use its gateway function
4 as a means of preempting the intraLATA competition that the Commission decided is in the
5 public interest. BellSouth wants to get out in front of its competition at the very time it is
6 supposed to be fulfilling its LEC responsibility of informing new customers of their options.
7 In fact, BellSouth proposes not to mention the names of its competitors unless specifically
8 asked. It is also clear that BellSouth is attempting to renege on a stipulation to which it is a
9 party. The stipulation -- approved by the Commission in 1995, prior to the proceeding on the
10 joint complaint -- requires BellSouth to inform new intraLATA customers of their choices in
11 the same manner as it informs new customers of their interLATA choices.

12
13
14 **Q. ON PAGE 5, LINES 18 TO 25, MS. GEER DISCUSSES THE PERCENTAGES**
15 **OF EXISTING CUSTOMERS WHO HAVE CHANGED LPICs. ARE THESE**
16 **STATISTICS RELEVANT TO THE ISSUES IN THIS CASE?**

17 **A.** No. As she discusses on page 2, lines 13 to page 3, line 3, the restrictions on marketing
18 to existing customers are already scheduled to expire in June, 1998 despite the fact that
19 BellSouth admits that it still controls approximately 70% of the intraLATA market.
20 (Direct Testimony of Ms. Geer, page 6, lines 15 to 17) In this case, BellSouth is seeking
21 permission to cease using competitively neutral practices when handling calls from new
22 customers. The concerns regarding marketing to new customers - who are, in effect, a
23 trapped audience - are quite different from those for existing customers. The Commission
24 apparently has recognized these differences. Significantly, unlike the restrictions on
25 marketing to existing customers, the Commission did not place any deadline on the

1 requirement that BellSouth utilize competitively neutral practices for new customers.
2 Until the local market is competitive, BellSouth will remain the sole gatekeeper for new
3 customers seeking intraLATA service. Therefore, the critical question for the
4 Commission to consider in this case is the percentage of local service that is competitive.
5 Unfortunately, that market is still far from competitive.
6

7 **Q. ON PAGE 7, LINE 19, MS. GEER COMPLAINS THAT BELLSOUTH IS**
8 **PROHIBITED FROM EDUCATING NEW CONSUMERS ABOUT ITS**
9 **SERVICES. HOW DO YOU RESPOND?**

10 **A.** BellSouth is not prohibited from educating customers. If a customer requests
11 information about BellSouth's service, BellSouth is free to market itself to the interested
12 customer. In that situation, the customer initiated and expressed the interest without
13 prompting or pushing or promoting in that direction by BellSouth. BellSouth's real effort is
14 to avoid having to educate customers of competitive choices by presenting BellSouth's service
15 in every contact and informing the customer of additional choices only if specifically asked by
16 the customer. BellSouth hopes to bypass its real educational responsibility.
17

18
19 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

20 **A.** Yes.
21
22
23
24
25

1 Q (By Mr. Bond) Could you please give a
2 summary of your testimony?

3 A Yes. Good afternoon.

4 It is important to be clear regarding the
5 issue in this case. Most of the limitations on
6 marketing practices that BellSouth has complained
7 about, marketing to existing customers, are already
8 scheduled to come off this month.

9 The issue in this case is how BellSouth
10 markets its intraLATA services to new customers who
11 call BellSouth for local service. BellSouth has filed
12 statistical information on intraLATA market share, but
13 it has ignored local market share.

14 It is competition in the local market that
15 is relevant for new customers, because until there is
16 local competition BellSouth, will continue to be the
17 bottleneck through which all new customers must pass
18 to get intraLATA service.

19 Currently when these new customers call
20 BellSouth for local service, BellSouth offers to read
21 them a random list of intraLATA carriers. BellSouth
22 claims this procedure puts it at a competitive
23 disadvantage. This procedure does not put BellSouth
24 at a disadvantage. It puts them at parity with all
25 the other carriers. None of the other intraLATA

1 providers have the opportunity to market to a customer
2 who has no choice but to stay on the line.

3 As I will explain in a minute, it is the
4 state of local competition that is relevant for these
5 new customers. However, even BellSouth's own
6 intraLATA activity statistics belie its claim that the
7 current procedure put it at a competitive
8 disadvantage.

9 Under the current procedure of reading the
10 random list of providers to new customers, BellSouth
11 is chosen as the intraLATA carrier 73% of the time.
12 The other 51 intraLATA carriers split the remaining
13 27% of the customers. BellSouth now wants to be able
14 to actively market to this remaining 27% while it has
15 them as a captive audience.

16 The real issue in this case is whether
17 BellSouth should be allowed to leverage its position
18 as a local monopoly before it has opened its local
19 market to competition. Right now there is virtually
20 no competition.

21 Can a typical customer pick up the phone and
22 order a competing local service? No. Can the
23 customer hang up on the BellSouth rep who starts
24 marketing an unwanted intraLATA service? Only if the
25 customer is ready to do without local service. This

1 means all new customers for local service must go
2 through BellSouth.

3 As a result, BellSouth is the keeper for the
4 intraLATA services. When these new customers sign up
5 for local service, BellSouth has a captive audience to
6 pitch its intraLATA services to. In other words,
7 every time a new customer signs up for local service,
8 one, and only one, intraLATA provider, BellSouth, has
9 the unique opportunity to market its intraLATA service
10 to that customer.

11 BellSouth wants to be able to use its
12 monopoly position to give it a competitive advantage.
13 Bell's response to this argument seems to be that if
14 they still have a local monopoly, it's because the
15 competitors have chosen not to enter the market.

16 It is my understanding that this Commission
17 had a proceeding this past fall to determine whether
18 BellSouth had opened its local market to competition;
19 the Section 271 case. It is also my understanding
20 that this Commission found that BellSouth had not met
21 its obligations under the Act.

22 For example, one thing the Commission found
23 is that BellSouth's operational support systems, or
24 OSS, were inadequate. If competitors cannot order or
25 bill services from BellSouth, they are not going to be

1 able to enter the market.

2 While I do not know the details of the case,
3 I know that MCI has filed an enforcement complaint
4 with this Commission which includes complaints about
5 BellSouth's OSS. This case is scheduled for hearing
6 in August.

7 It is also my understanding that BellSouth
8 has not refiled its 271 case with this Commission. So
9 it is reasonable to assume that even BellSouth does
10 not believe it is in compliance.

11 Because of its unique position as the
12 gatekeeper for intraLATA service, BellSouth's initial
13 customer contact must be neutral. BellSouth should
14 use some of the -- use the same competitively neutral
15 practices when talking to their customers about
16 intraLATA choices as they use when talking to them
17 about interLATA choices.

18 Until the local market is truly competitive,
19 BellSouth continues to be the bottleneck for new
20 customers. BellSouth, however, wants to abandon the
21 long-standing neutral approach mandated in the
22 intraLATA market and use calls as an opportunity to
23 leverage its intraLATA services.

24 MR. BOND: Ms. Seay is available for
25 cross-examination.

1 **CHAIRMAN JOHNSON:** BellSouth?

2 **CROSS EXAMINATION**

3 **BY MS. WHITE:**

4 **Q** I'm Nancy White representing BellSouth
5 Telecommunications.

6 On Page 5 of your direct testimony you state
7 that BellSouth wants to abandon permanent
8 competitively neutral practices that it agreed to in
9 1995; is that right?

10 **A** That's correct.

11 **Q** And that practice --

12 **COMMISSIONER GARCIA:** Could you ask the
13 question again? I'm sorry.

14 **MS. WHITE:** Yes. On Page 5 of her direct, I
15 wanted to ask if it was true that she stated that
16 BellSouth wants to abandon permanent competitively
17 neutral practices that BellSouth agreed to in 1995.

18 **COMMISSIONER GARCIA:** Okay.

19 **Q** **(By Ms. White)** And would that practice be
20 that customers should be made aware of their options
21 for intraLATA in the same fashion as for interLATA?

22 **A** That's correct.

23 **Q** Is that the practice you're referring to?

24 **A** Yes.

25 **Q** And that was a stipulation reached between

1 the parties in the interLATA presubscription case in
2 Florida, was it not?

3 A That's my understanding, yes.

4 Q Do you know whether the issue of whether
5 BellSouth could say something like, quote, "In
6 addition to BellSouth," was specifically discussed by
7 the parties in connection with the stipulation?

8 A No, I do not.

9 Q Now, on Page 6 of your direct, you state
10 that MCI and, I believe, the parties, other parties,
11 gave up their right to argue in favor of balloting in
12 the intraLATA presubscription case in exchange for
13 this what you call a competitively neutral practice;
14 is that correct?

15 A Yes.

16 Q Were you part of that stipulation in 1995?
17 Were you familiar with it? Did you work around it?

18 A No, I was not.

19 Q So what is the basis for your statement that
20 the parties gave up balloting in exchange for that
21 practice?

22 A In the order? What's quoted -- let's find
23 the section in my testimony. In the order it says "If
24 the intraLATA presubscription is in the public
25 interest -- this is on Page 6 of my direct starting at

1 Line 11 -- balloting should not be required. However
2 central offices converting to interLATA equal access
3 and intraLATA equal access at the same time should be
4 balloted at the same time. In addition, when new
5 customers sign up for service, they should be made
6 aware of their options of intraLATA carriers in the
7 same fashion as for interLATA carriers."

8 Q Where does it say that it's a trade-off, no
9 balloting in exchange for this practice?

10 A In Line 11: "If intraLATA presubscription is
11 in the public interest, balloting should not be
12 required." But then "However," in Line 12, "Central
13 offices converting -- it goes forth to tell that there
14 should be neutral practices if they don't ballot.

15 Q So that's your basis for the statement that
16 the parties gave up balloting in exchange for this
17 practice?

18 A Yes.

19 Q Would you agree that balloting was very
20 confusing to the public in the interLATA equal access
21 situation?

22 A Yes.

23 Q Is it your position that BellSouth can
24 markets its products and services in the same manner
25 as their competitors?

1 A Yes, by advertising or telemarketing or
2 direct mail.

3 Q But under the restriction, BellSouth cannot
4 market on the telephone on an inbound call unless the
5 customer introduces the subject; is that correct?

6 A That's correct, because they are the
7 monopoly local phone company.

8 Q Does MCI have that restriction?

9 A No, because we're not a monopoly local phone
10 company.

11 Q Does AT&T have that restriction?

12 A No, because they're not a monopoly local
13 phone company.

14 Q Do any members of the FCCA have that
15 restriction?

16 A Not that I'm aware of.

17 Q If a customer calls MCImetro -- MCImetro is
18 MCI's local exchange company; is that correct?

19 A Correct.

20 Q If a customer calls MCImetro for local
21 service, can the MCImetro service representative
22 market MCI's long distance without waiting for the
23 customer to raise the subject?

24 A I'm not aware that these restrictions have
25 been placed on them, because there's apples and

1 oranges here.

2 We have BellSouth, who is the incumbent LEC,
3 who in this environment there is not a thriving local
4 competition, which is the basis of our discussion for
5 my part, is until there is local competition, which
6 this Commission has ruled that we cannot -- MCImetro
7 has not been able to go out and successfully resell
8 services to the public, there's not a good comparison
9 there.

10 You're talking about a company that's been
11 in the local market for a hundred years maybe and a
12 company that is trying to break into the market and
13 are being held back from being in the local
14 marketplace.

15 Q Is the answer to my question no or yes, that
16 MCImetro can market long distance service without
17 waiting for the customer to raise the subject?

18 A Yes, they can.

19 Q Now, on Page 4 of your direct you state that
20 the Georgia Public Service Commission recognized a
21 need for competitively neutral intraLATA business
22 office practices; is that correct?

23 A Correct.

24 Q Are you familiar with the Georgia order in
25 that case?

1 A I haven't looked at it probably in a long
2 time. I know it exists.

3 Q I'll be glad to hand out a copy to you.

4 MS. WHITE: And I'd like to this to be
5 identified as an exhibit. It's the Georgia order in
6 Docket No. 5319 issued on May 14th, 1997.

7 CHAIRMAN JOHNSON: It will be marked as
8 Exhibit 8 and short titled Georgia Order 5319,
9 May 14th, 1997.

10 (Exhibit 8 marked for identification.)

11 Q (By Ms. White) Ms. Seay, would you turn
12 to Page 3 of that order, and would you look at the --
13 it's the last full paragraph that begins on Page 3 and
14 goes to the top of Page 4. Have you looked at that?

15 A Give me a moment and I can read it.

16 Q No. I'm sure the Commission can read it for
17 itself. But would you agree that the Georgia Public
18 Service Commission refused to place the restriction on
19 BellSouth that BellSouth is seeking to lift on this
20 proceeding?

21 A That is correct.

22 Q Now, it's your opinion that intraLATA toll
23 is a new competitive market; is that correct?

24 A Yes.

25 Q And would you agree that this market was

1 opened in Florida in June of 1996?

2 A I believe that's correct, yes.

3 Q So it's about two years old?

4 A Yes.

5 Q And you were here for Ms. Geer's testimony,
6 were you not?

7 A Yes.

8 Q And did you hear near the end of her
9 testimony, near the end of her examination, where she
10 testified about the number of intraLATA toll PIC-able
11 access lines that are PIC'd to carriers other than
12 BellSouth; the percentage of consumer, the percentage
13 of complex business, the percentage of small business?

14 A Right. Yes, I heard that.

15 Q Now, the interLATA market was opened in
16 1984, was it not, for all intents and purposes?

17 A Yes.

18 Q And can you tell me what MCI's market share
19 today -- just general estimate, in the interLATA
20 interstate market?

21 A It's probably 19%, somewhere around there.

22 Q And so it's taken 14 years for MCI to get a
23 market share of 19% in the interLATA market; is that
24 correct?

25 A Yes.

1 Q And it's only taken two years for BellSouth
2 to lose 36% of the residential intraLATA toll PIC-able
3 lines and 26% of the complex business lines and 32% of
4 the small business lines; is that correct, in the
5 intraLATA market?

6 A That's according to Bell's statistics.

7 Q Well, let me ask you this: Do you have any
8 basis on which to dispute Bell's statistics?

9 A No, because Bell is the keeper of all the
10 information. We wouldn't know what the other 51
11 carriers, intraLATA carriers, what their -- the number
12 of access lines they have customers for. Only Bell
13 would know that. So Bell -- we have to believe those
14 statistics from Bell.

15 Q Did MCI ask for that information?

16 A I do not know.

17 Q Did FCCA ask for that information?

18 A I do not know.

19 Q Did AT&T ask for that information?

20 A I don't know.

21 Q Now, do you believe that the intraLATA
22 market is competitive in Florida?

23 A I believe there is -- it's showing,
24 according to Bell's statistics, that they still have
25 73% of the market share, or they still have 73% of the

1 customers PIC'd to them, so they have three-quarters
2 of the customers still going to them. But, yes, there
3 is a percentage that is selecting another company.

4 Q So I guess you would agree that the
5 intraLATA market is competitive in Florida, but maybe
6 not 100% competitive? It's competitive to an extent?

7 A I would say it's competitive. But the issue
8 in this case is BellSouth still is the company in
9 which customers getting new service for the first time
10 must come through them. So, therefore, these
11 restrictions on that new -- that discussion with that
12 new customer at the time of educating them that they
13 now have to make a selection for intraLATA, those are
14 the restrictions we're talking about.

15 There is competition. An existing customer
16 can be marketed to, a new customer can be marketed to,
17 but I think what we're most concerned about, those are
18 all going to be lifted on existing customers. But
19 what we're concerned about in this case is how a new
20 customer is going to be influenced.

21 BellSouth is still the incumbent local phone
22 company. They are the monopoly local phone company,
23 and those customers coming to get local service for
24 the first time are still coming to them. These
25 restrictions are to keep them neutral and fair during

1 that conversation with a customer.

2 Q Let me ask you this: You believe this
3 restriction should not be lifted until there's full
4 competition in the local market, correct?

5 A Correct.

6 Q Let me give you a hypothetical, and we
7 talked about this at your deposition, but I don't
8 think I ever really got an answer.

9 If other carriers, intraLATA toll carriers,
10 have 90% of the intraLATA toll market and BellSouth
11 has 10% of the intraLATA toll market but there's only
12 10% of competition in the local market, should the
13 restriction be lifted?

14 A I think it would be in the interests of the
15 Commission to look at the status of competition and
16 in -- of both local and interLATA and make a decision
17 at that time.

18 It's hard to believe that 90% of the market
19 would be in a local -- in a fully competitive local
20 environment, that 90% of the market would be taken
21 away from BellSouth at that point.

22 But it may happen. I think that would be
23 something the Commission would look at and examine all
24 the facts at that time.

25 Q So you don't have an opinion yes or no?

1 A I think it's something that would have to be
2 looked at. I don't know that you can make an opinion
3 in a hypothetical like --

4 Q All right. Well, let me ask you this:
5 You're here representing MCI, AT&T, FCCA today, right?

6 A Yes.

7 Q Based on what you know as of this day -- I'm
8 not asking you to be a prognosticator and I'm not
9 holding you to it -- but knowing the policies of the
10 companies you're representing and their position on
11 this restriction, would this team of FCCA, AT&T, and
12 MCI come in and protest if BellSouth asked to lift the
13 restriction when there was a 90% market share in the
14 intraLATA toll market and only a 10% loss in the local
15 market? Your opinion.

16 A You said a 10% loss in the local market and
17 a 90% loss in the intraLATA?

18 Q That's correct.

19 A You're asking me that 10% of BellSouth's --
20 I think I'm confused by your question.

21 Q All right. Let me try it this way. If the
22 intraLATA toll market is completely competitive --
23 that means that various carriers share a percentage of
24 the marketplace, market share -- but there's only 10%
25 of competition in the local market, should this

1 restriction be lifted, in your opinion?

2 **A** Yes, because it would show that keeping the
3 restrictions on allowed competition to flourish.

4 **Q** So what would your cut-off be? If there was
5 80% in the intraLATA toll market and only 10% in the
6 local market, should the restrictions be lifted?

7 **A** It's definitely just an opinion. I guess at
8 that point it could be.

9 **Q** All right. I'll move on. I've got --

10 **COMMISSIONER CLARK:** Let me ask the same
11 question differently. What has to occur before you
12 think it's appropriate to lift the restrictions?

13 **WITNESS SEAY:** Our position is we feel that
14 the local competition needs to be opened. That market
15 needs to be opened so that BellSouth cannot use its
16 local monopoly status to influence customers on these
17 type calls.

18 In today's environment they are the
19 controller of local --

20 **COMMISSIONER CLARK:** I understand that. How
21 much of the local market has to be -- is it 10% of the
22 local market? At what point would you classify it as
23 open to local competition?

24 **WITNESS SEAY:** I'm not a -- I apologize.
25 I'm not a statistical person. I mean, I'm not sure

1 what would be a fair number. I think you'd have to
2 look at if competition were, I guess, like in the
3 interLATA arena where you had 20/80 and it was split
4 up, maybe at that point that would be a good point
5 that the Commission could come back and reexamine if
6 the restrictions could be lifted. It may be 30/70. I
7 mean, it may be --

8 **COMMISSIONER CLARK:** You don't have a
9 position, but you just know now is not the time?

10 **WITNESS SEAY:** That is correct.

11 **COMMISSIONER CLARK:** Is it your position
12 that if they came back in with their 257 filing -- I
13 don't know what the number is -- if they came back in
14 and we concluded they met the 14-point checklist, is
15 that an appropriate time to lift the restrictions?

16 **WITNESS SEAY:** No.

17 **COMMISSIONER CLARK:** Why not?

18 **WITNESS SEAY:** Because local competition
19 would just be starting at that point. I think -- in
20 the intraLATA environment, intraLATA, that the
21 customers are still -- the majority of the customer
22 base is still going to be turning to BellSouth.

23 Once -- maybe you can put a time frame on
24 it, maybe two years; similar to the existing customers
25 on restrictions being lifted after a certain time

1 frame. Maybe you come back and you reexamine it after
2 a certain time frame. Maybe it's 24 months, 36
3 months. You look at it after there's been local
4 competition. We look at the state of affairs and we
5 determine that, yes, the restrictions can be lifted
6 because now there is -- local competition is well
7 underway, and BellSouth is no longer the bottleneck
8 company.

9 COMMISSIONER CLARK: Thank you.

10 Q (By Ms. White) Ms. Seay, are you an
11 expert on the local competitive market in Florida?

12 A I'm sorry. Can you state again?

13 Q Are you an expert on the local competitive
14 market in Florida?

15 A No, I'm not.

16 Q Do you know how many ALECs are certificated
17 to do business in Florida?

18 A No, I do not.

19 Q Do you know how many ALECs' resellers are
20 actually out there reselling service to residential
21 and business customers?

22 A No.

23 Q Do you know if there are any facility-based
24 local exchange companies, ALECs, in Florida actually
25 providing residential and business service today?

1 A No.

2 Q No, you don't know, or no --

3 A I don't know.

4 Q I'm going to give you a hand-out, and I'm
5 not going to ask that this be labeled as an exhibit
6 because it is already an exhibit. It's HG-2 from
7 Ms. Geer's testimony, Exhibit 6. I'm just handing
8 this out for ease of use.

9 Ms. Seay, This is an exhibit, HG-2, to
10 Ms. Geer's direct testimony, and it's a series of
11 letters of authorization for long distance service,
12 and let's look at Page 1 of five.

13 Do you see the sentence at the bottom of
14 that application that starts "I understand that this
15 LOA changes my carrier, and that I may designate only
16 one carrier at the time for any one number"?

17 A Yes.

18 Q Is that true?

19 A Depending on the context that this LOA is
20 being used in, it may be just an interLATA LOA. It
21 doesn't say it's for inter or intra. It could be just
22 an intraLATA LOA or an interLATA.

23 Q What if the LOA is silent as to whether it's
24 interLATA or intraLATA?

25 A Then I don't know. I mean, if it's just

1 interLATA, then yes, you can -- that is correct; you
2 can only have one carrier for that long distance
3 interLATA.

4 Q And if it's for both interLATA and
5 intraLATA, then it's not true, isn't it?

6 A But that doesn't -- this document doesn't
7 say it's for both. So I don't know. I mean, how old
8 is this document? Is this just used during interLATA?

9 Q All right. Let me ask this in a
10 hypothetical manner.

11 If you have a LOA that is for intraLATA and
12 interLATA toll service and it has this statement in
13 there, is that a true statement?

14 A You could only have one carrier for each
15 service. If it was specified that it was inter and
16 intra on the LOA, then that would be you could only
17 have one carrier for each service.

18 Q Does this sentence say that you can only
19 have one carrier for each service?

20 A It says "for each number". Again, I
21 don't -- this doesn't designate it's for more than one
22 type of service.

23 CHAIRMAN JOHNSON: Can we go back to that
24 question and get a yes or no first?

25 MS. WHITE: Sure. I'd like to, please.

1 Q (By Ms. White) Does this LOA, that
2 sentence, say that you can only have one carrier per
3 service?

4 A No. I mean -- no, it says for a number.

5 Q And in Florida you can have two carriers for
6 one telephone number, can't you?

7 A That's correct.

8 Q You can have one carrier for -- I can have
9 one carrier for my phone number for interLATA toll,
10 and I can have one carrier for my same telephone
11 number for intraLATA toll; isn't that correct?

12 A Correct.

13 Q Why don't you look at Page 5 of five of
14 that. And this is an AT&T LOA, is it not?

15 A Yes.

16 Q And can you show me anything on this -- and
17 if you'll look down at the little copyright signal, it
18 says, "1997 AT&T all rights reserved," doesn't it?

19 A Yes.

20 Q On Page 5 of five. Can you show me anyplace
21 on this LOA that states it's for intraLATA only or for
22 both?

23 A I don't see where it says for what
24 particular service it would be for.

25 Q And do you see the two sentences with the

1 lines beside them on Page 5 of five, the one that
2 states "Only one long distance company may be
3 designated for the telephone number you provide us.
4 Your selection of AT&T will apply only to that
5 number"?

6 A Yes.

7 Q Is that true in Florida?

8 A I think I'm confused on what you're asking
9 me. Is it true for if they sign this LOA, are they --
10 I'm confused by what --

11 Q In Florida is it true that you can have only
12 one long distance company for your one telephone
13 number?

14 A You can have one long distance company for
15 each service.

16 Q That's not what I asked you. I asked you,
17 in Florida is it true that you can only have one long
18 distance company per telephone number?

19 A No.

20 MS. WHITE: Thank you very much. I have
21 nothing further.

22 CROSS EXAMINATION

23 BY MR. COX:

24 Q Good afternoon Ms. Seay. Will Cox on behalf
25 of the Commission Staff. I'd like to follow up

1 briefly on one thing that you discussed with Ms. White
2 regarding the loss of intraLATA toll PIC-able access
3 lines.

4 Now, is the loss -- to your understanding,
5 is the loss of intraLATA toll PIC-able access lines
6 reflective of existing or new customers' activity?

7 A I'm sorry. Can you ask --

8 Q Sure. We talked about the total loss -- the
9 loss of total PIC-able access lines. Now, is that
10 figure going towards existing customers' activity or
11 new customers' activity?

12 A I apologize. I don't quite understand what
13 you're asking. The statistics, the 73 and the 27%,
14 were new activities, according to Ms. Geer's exhibit.

15 Q Do you have a copy of the direct testimony
16 that Ms. Geer filed in this proceeding?

17 A Yes.

18 Q And the figures I guess I'm referring to are
19 on Page 6. And excuse me if I'm confusing things, but
20 Line 15 through 17, do you see the figures that are
21 discussed?

22 A Yes.

23 Q Now, does that --

24 MR. MCGLOTHLIN: Could you give me that
25 reference?

1 MR. COX: Sure. It's Page 6 of Ms. Geer's
2 direct testimony, Lines 15 through 17 where it states
3 "A comparison of intraLATA toll composition --
4 competition results shows that in Florida BellSouth
5 lost 30% of its residential, 26% of its complex
6 business, and 32% of its small business intraLATA toll
7 PIC-able lines as of January 30th, 1998."

8 So is that figure based on existing lines?
9 Is that your understanding?

10 A Yes.

11 Q Do you believe that those figures are
12 relevant to this case?

13 A I believe that they show that there has been
14 a -- there has been competition, but it also shows
15 that BellSouth still maintains three-quarters of the
16 market even with the restrictions in place.

17 Q So, yes, it would be relevant?

18 A Yes.

19 Q In Ms. Geer's deposition that was taken in
20 this proceeding she stated that customers are now --
21 and she stated here today that customers are now aware
22 that they have choices of toll carriers, both for the
23 intraLATA services and the interLATA services, and she
24 stated that that is true overall.

25 Do you agree that that is true overall, that

1 customers are aware?

2 A Yes. There is a lot of marketing out in the
3 intraLATA environment, and customers are aware that
4 there are many carriers that are available to them.

5 Q And what's the basis of your opinion?

6 A I know that marketing -- MCI markets to
7 customers, nonexisting customers or current customers,
8 that they have for interLATA, our services to carry --
9 our ability to carry their intraLATA services.

10 Q She also stated in her deposition that there
11 is a very fine line as far as the customer is
12 concerned between what is local toll and what is
13 interLATA toll, as we call it, or intraLATA versus
14 interLATA, and there's a great deal of customer
15 confusion.

16 As it is, do you agree with these statements
17 regarding the fine line in the customer's mind
18 distinguishing the two services and then also the
19 customer confusion that might result?

20 A I think there's been a lot of -- I disagree
21 that there's still a lot of customer confusion. I
22 think in the very beginning customers, when this new
23 environment was introduced of local competition -- I
24 mean, intraLATA competition, I think customers, just
25 like in when interLATA competition was introduced, it

1 was new to them, they needed to be educated. They
2 were unaware of the status of the environment, and I
3 think over time customers are becoming more and more
4 aware that there are different carriers out there
5 simply because some of them are, you know, being
6 telemarketed. They're getting direct mail pieces from
7 the various companies competing for their services.

8 I think that customers are less confused
9 today than they were initially because of the
10 companies taking an active role in trying to market
11 and enlighten the public that this is available to
12 them, that to have a different carrier than what they
13 had in the past.

14 Q Did you agree that there was a fine line as
15 far as customers' concern between what is local toll
16 and what is intraLATA toll, or as we call it,
17 intraLATA versus interLATA?

18 A Yes. There could be a fine line between,
19 because anytime they're dialing 1+ their customers may
20 not understand. But, again, I think customers are
21 being educated on a regular basis through marketing.
22 And if it is a service that they readily use, I think
23 customers are starting to seek out information on
24 what's available to them.

25 Q In your deposition that was taken in this

1 proceeding, and we've discussed it earlier today, you
2 stated that it was your belief that the 73% BellSouth
3 market share would greatly increase if the
4 restrictions that we now have were lifted.

5 Now, how much market share would BellSouth
6 have to lose for the marketing restrictions to be
7 lifted, in your opinion?

8 A As stated earlier, it may end up being -- I
9 think our issue here is as long as local competition
10 is not thriving, then BellSouth has -- if the
11 restrictions are lifted, BellSouth is still in the
12 position to use its position as the monopoly local
13 phone company to influence customers on that new
14 customer call.

15 When a customer calls in for new service,
16 without the restrictions BellSouth would be in the
17 position to market their services. They're not going
18 to sit there and market MCI's 5-cent calling at the
19 same time that they're talking about their area plans.

20 And that's what's concerning to us is that
21 as long as they're in the position where the customer
22 comes to them first, because they're getting local
23 service for the first time, these restrictions need to
24 stay in place, because when the customer calls them
25 there needs to be a neutral protocol when talking

1 about intraLATA, just as it's been proven successful
2 in the interLATA arena that they've had to keep a
3 neutral protocol; a neutral, you know, environment.

4 Therefore, in that arena the BellSouth
5 representative cannot talk about AT&T's plans in the
6 interLATA -- an AT&T interLATA plan versus an MCI
7 plan, if they picked Sprint, maybe that's not the best
8 choice for them.

9 It's the same thing in the intraLATA
10 environment. What BellSouth is asking to do is to be
11 able to tell the customer, a new customer, is that,
12 well, you need to know about these plans that
13 BellSouth offers; but what they're not stating is that
14 they're not telling about the plans that may be better
15 for the customer that maybe AT&T or MCI or another
16 company may offer.

17 MCI may offer -- if a customer's average
18 intraLATA call is three minutes, and our is 5 cents a
19 minute, that 15 cents is a lot better. Ms. Geer even
20 stated in her testimony that it would be cheaper for a
21 4-minute call on our 5-cent a minute plan than it is
22 on their plan.

23 So by them being allowed to discuss their
24 plans to a new customer, that's their way of saying
25 they're not defrauding the customer or they're

1 educating the customer. Well, if they can educate
2 them on their plans, then they should have to educate
3 them on everybody else's plans and let the customer
4 make a real decision.

5 And until they can -- you know, if they do
6 that fine, but I don't think that's what they want to
7 do in this case. They're not ready to know all the
8 pricing plans and schemes or the potential pricing
9 plans that could come up.

10 I mean, MCI tomorrow may offer a 15-cent a
11 minute LATA-wide plan. You know, if we were to have
12 interconnection rates versus access rates, you know,
13 which on local services Bell is not going to pay
14 access rates on their area wide plans versus MCI and
15 AT&T are going to pay access rates on those. But we
16 may take it as a loss leader and decide to make that
17 plan available and lose income on that, or profits or
18 whatever, just to be able to offer that service to the
19 public.

20 So I think the key here is as long as Bell
21 is still the monopoly local phone company, the
22 restrictions need to stay in place, and if the
23 restrictions are lifted, then BellSouth needs to be in
24 the position to also tell everybody about all the
25 various plans and options that are out there that the

1 other carriers would offer.

2 Q So --

3 COMMISSIONER CLARK: What was your question,
4 Will?

5 MR. COX: My question was, at what market
6 share percentage would they think that the
7 restrictions should be lifted.

8 Q (By Mr. Cox) And basically what I'm
9 hearing is that it's all contingent upon the openness
10 of the local market; is that correct?

11 A That's correct.

12 Q And so regardless of what status the
13 competition is in the local market -- I mean, if you
14 had 80% -- Ms. White posed these questions earlier.
15 If you had 80% of the market went to the competitors
16 and 20% to BellSouth, do you still think the
17 restrictions should apply, because if these
18 restrictions were lifted, somehow competition would
19 disintegrate and everyone would go back to BellSouth?
20 Is that sort of what I'm hearing?

21 A That is correct.

22 Q You've emphasized BellSouth's role as the
23 gatekeeper. If the restrictions were to be lifted,
24 you indicated in your deposition that it would allow
25 BellSouth to market to new customers and to try to

1 persuade a customer on that customer contact call that
2 BellSouth is the better carrier, or maybe infer that
3 BellSouth is the only carrier.

4 And based on what BellSouth has represented
5 in this proceeding, are you still under those same
6 opinions, that they would take that course of action?

7 A Yes. Because according to Ms. Geer's
8 testimony, that's what they -- that's what they
9 indicated in her testimony is that they were wanting
10 to educate customers about these plans; that's why
11 they wanted the restrictions lifted.

12 It's quite confusing to me after hearing
13 today that they're not going to do this. I think
14 we're -- it would be interesting to see what, like,
15 prompts or scripting they would give their
16 representatives to keep it neutral and fair. Because
17 in her testimony, my understanding is that they wanted
18 the restrictions lifted to be able to educate people
19 because they were thought they were defrauding them
20 when they couldn't tell them about the plans that they
21 offered.

22 And then in today, my understanding of it
23 is, no, they would not, unless they picked BellSouth
24 as their intraLATA carrier.

25 Q So you're not sure what to believe?

1 A That is correct.

2 Q So one kind of exhaustive question on the
3 local competition issue.

4 So absent local competition, what market
5 conditions might warrant lifting the intraLATA toll
6 marketing restrictions? Would there be any market
7 conditions that would warrant lifting the
8 restrictions, aside from the emergence of local
9 competition?

10 A Maybe, as stated earlier when Ms. White
11 asked me, if it were 90/10, maybe we would go back and
12 the Commission could look at it at that point and look
13 at the components of the competitive environment and
14 see if it's appropriate for it to be lifted. I'm not
15 sure.

16 Q If the Commission were to look at the local
17 competition market share for purposes of evaluating
18 the intraLATA toll state of competition, how exactly
19 do you think the Commission would use the local market
20 share information?

21 A Well, I think they could examine the
22 availability to actual residential customers, if they
23 can pick up the phone -- if they have a choice of
24 different carriers, to pick up the phone and dial -- I
25 mean, and call for local service.

1 They could look at the market share and see
2 what the availability is for an average customer to
3 pick up and -- I don't like your service so I'll go to
4 the next company and maybe I'll like their local
5 services better.

6 Q So is it based an openness to competition,
7 or is it based on a market share or is it a
8 combination?

9 A It would be a combination, I believe, of
10 really what the public has available to them.

11 Q Do you believe there would be a specific
12 local market share loss number that would indicate
13 thriving intraLATA total competition?

14 A I don't know what number that would be.

15 Q Now, looking at what you stated in responses
16 in your deposition, you appear to agree with
17 BellSouth's protocol proposal if the restrictions were
18 lifted with the exception of Part 2 where BellSouth
19 indicates that it is a local toll provider.

20 So basically the protocol that you suggest
21 is to let the customer know he or she has a choice of
22 intraLATA toll provider, and then if they don't have a
23 choice, read them the random list where BellSouth's
24 name may or may not pop up; is that correct?

25 A Correct.

1 Q Now, you've indicated that without the
2 restrictions, the competition for the intraLATA toll
3 service will neither continue nor likely even exist.
4 Why do you believe that's true?

5 A If the restrictions are lifted, which I
6 think the reason BellSouth wants to lift the
7 restrictions is because they are -- they proven --
8 they've shown that they've lost, what; 20-some percent
9 of the market to the other 51 carriers.

10 If they can get -- I mean, if they can on
11 that initial call use it to their benefit to educate
12 the customer on their ability to sell intraLATA, to
13 provide intraLATA service with products and plans
14 before the customer fully understands that it has --
15 that the customer has the ability to have another
16 carrier with different products and plans, then I
17 believe that competition would probably either stay
18 the way it is or BellSouth would gain back customers,
19 because it's proven that with the restrictions on, it
20 still has three-quarters of the market.

21 What stops it from getting more than
22 three-quarters of the market with the restrictions
23 lifted?

24 Q Now, BellSouth filed this petition to lift
25 the restrictions. What information would you suggest

1 that they provide for the Commission to demonstrate
2 that there is effective intraLATA toll competition?

3 A I think they've provided some statistics,
4 but I think for -- I mean, I don't know what BellSouth
5 has in its capabilities to provide or what kind of
6 data they have in their capabilities to provide to the
7 Commission that would help prove that point since
8 that's their systems and their information. I'm not
9 sure what their capabilities are.

10 Q So from your perspective, you don't have any
11 specific data in mind that would be relevant -- or
12 more relevant than what has already been filed?

13 A No.

14 Q Earlier you mentioned in one of the
15 responses and you stated in your deposition that there
16 were no competing plans to the BellSouth ECS or EAS
17 services from competing providers mainly because
18 competing providers pay access rates versus the
19 interconnection rates; is that correct?

20 A Correct.

21 Q Now, if you had interconnection rates, could
22 you provide the types of intraLATA toll services that
23 BellSouth provides with little problem there?

24 A Yes, we could.

25 Q Finally, in your deposition you stated that

1 a customer need not be educated of a BellSouth service
2 if the service is automatic with no additional charge
3 to the customer; is that correct?

4 A Correct.

5 Q Hypothetically, if the customer were to pay
6 for -- additional for a service, should the customer
7 be educated by BellSouth about dialing around?

8 A Yes, but it's confusing. If they're not
9 going to sell those plans until the customer has
10 picked BellSouth as their intraLATA carrier, then
11 there should be no customer confusion.

12 If on a new customer call the customer
13 doesn't know about those plans until they've made a
14 selection of BellSouth as their intraLATA carrier,
15 then they would then be sold those services and they
16 wouldn't have to dial around.

17 It's the same issue for if a customer picks
18 MCI, Bell is not going to educate a consumer on how to
19 dial around and use an AT&T plan. So it shouldn't
20 be -- it should not cause customer confusion, because
21 they haven't introduced that in the conversation to
22 the customer until they've made a carrier selection.

23 MR. COX: Thank you, Ms. Seay. That
24 concludes Staff's questions.

25 CHAIRMAN JOHNSON: Commissioners?

1 **COMMISSIONER JACOBS:** Going to that last
2 question, it sounds like there are a lot of people who
3 when presented with the option -- I think you said 75%
4 of the people who -- and I take that to be the new
5 customers, 75% of the new customers when presented
6 with that option selected BellSouth. Is that what --

7 **WITNESS SEAY:** That's what their statistics
8 say, yes.

9 **COMMISSIONER JACOBS:** Okay. And your
10 contention is that a strong element of that decision
11 is simply because of the fact that BellSouth held
12 market -- a powerful position in the market; is that
13 true?

14 **WITNESS SEAY:** That's true, yes.

15 **COMMISSIONER JACOBS:** Then I'm troubled by
16 the latter part of that, because what I was
17 understanding is the main distinguishing factor for
18 BellSouth was the existence of these other calling
19 plans, but they didn't know about those plans at the
20 point that decision was made.

21 Was that the correct view of what you were
22 testifying to earlier? Is that --

23 **WITNESS SEAY:** That the customers didn't
24 know about the plans?

25 **COMMISSIONER JACOBS:** Right.

1 **WITNESS SEAY:** Before they made their
2 selection?

3 **COMMISSIONER JACOBS:** Two things: That the
4 distinguishing factor was the existence of those
5 plans, and that the customers weren't aware of those
6 plans at the time they made that choice.

7 **WITNESS SEAY:** I think customers are
8 educated on intraLATA in the fact that they can have
9 different carriers, and I think there's a lot of
10 marketing on the various carriers, including
11 BellSouth, about the various plans that they offer.

12 So I do think the general public is becoming
13 more aware that there are options out there to them
14 and carriers and plans. But on the new customer call,
15 there shouldn't be confusion, or a customer shouldn't
16 be put in the position to be paying for something that
17 they're not using, if BellSouth has stated today in
18 Ms. Geer's testifying -- testimony, that they wouldn't
19 introduce those plans until the customer had selected
20 BellSouth.

21 So there shouldn't be customer confusion, or
22 they shouldn't be paying for something -- they would
23 not have selected a plan that they would pay for
24 monthly and not utilize if they hadn't been told about
25 it until they had picked -- unless they had picked

1 BellSouth, and then there wouldn't be customer
2 confusion, because they would be -- those calls are
3 1+, so the customer would have BellSouth as their 1+
4 carrier.

5 **COMMISSIONER JACOBS:** How would you -- this
6 may be putting you on the spot a bit, but how would
7 you construct a script for BellSouth to accomplish
8 that?

9 **WITNESS SEAY:** To accomplish --

10 **COMMISSIONER JACOBS:** To minimize -- to
11 allow them to inform consumers that there are choices,
12 but at the same time not delve into and raise the
13 prospect of confusion about the underlying choices
14 that -- once they make a selection on the carrier.

15 **WITNESS SEAY:** Well, I think what's already
16 in place should stay in place; that when the customer,
17 a new customer, calls in, they're educated that they
18 now have the ability, you know, the opportunity to
19 select a carrier for their intraLATA service; do they
20 have a carrier in mind.

21 If they don't have a customer -- I mean, a
22 carrier that they want to select, then BellSouth would
23 offer to read the list. I think if Bell -- they don't
24 need to go into anything further, because if they do,
25 then they're putting themselves in the position to

1 have to understand everybody's rates and plans.

2 I mean, BellSouth has a plan, but MCI may
3 have a plan, and AT&T may have a plan, and those plans
4 may be better for that particular customer.

5 COMMISSIONER JACOBS: But -- you said
6 interLATA or intraLATA?

7 WITNESS SEAY: IntraLATA. I'm sorry.

8 COMMISSIONER JACOBS: Okay.

9 WITNESS SEAY: It would be intraLATA.

10 COMMISSIONER JACOBS: And, see, that's why I
11 keep coming to a loggerhead. What I'm understanding
12 is that the customers -- the block is not so much
13 understanding that they have a choice; the block is
14 understanding there are two choices actually, okay,
15 and understanding that once they make that second
16 choice, what the -- how to compare those set of
17 options versus these set of options in that new -- in
18 that second choice. That's what I'm trying to get at.

19 WITNESS SEAY: I think it would be the same
20 as in the interLATA environment. I mean, customers
21 today in the next part of their call, or now as we
22 find out today Bell does the interLATA, intraLATA, and
23 local portion, which is the first time I've heard
24 that. I've always been told it was the other way
25 around, that it was local, intraLATA, and interLATA.

1 But it would be the same -- you know, the
2 same as in the interLATA environment. A customer
3 picks MCI, they don't know -- or it's up to them to
4 find out by calling AT&T or Sprint or any other
5 carrier to find out if there's a better plan that they
6 should be on or if there's something another company
7 offers.

8 I think it would be the same footing. It
9 would be -- you know, by using the same neutral
10 discussion with the customers on intraLATA that they
11 do on interLATA leads to the same environment for
12 customers to seek out from -- on their own or by being
13 marketed or, you know, telemarketed or direct --
14 receiving direct mail.

15 **COMMISSIONER JACOBS:** So you --

16 **WITNESS SEAY:** Yeah.

17 **COMMISSIONER JACOBS:** -- telemarketing, you
18 suggest they engage in other kinds of messages and
19 mediums outside of that call --

20 **WITNESS SEAY:** Yes, just like --

21 **COMMISSIONER JACOBS:** -- in order to
22 achieve --

23 **WITNESS SEAY:** -- their competitors do.

24 Yes.

25 **COMMISSIONER JACOBS:** Okay.

1 **CHAIRMAN JOHNSON:** Redirect?

2 **MR. BOND:** Just a couple questions.

3 **REDIRECT EXAMINATION**

4 **BY MR. BOND:**

5 **Q** Staff had asked you what kind relevant data
6 BellSouth could provide in this case. Would local
7 market data be relevant?

8 **A** Yes, it would be. It would show how local
9 competition is in the state of Florida.

10 **MR. BOND:** Thank you. No further questions.

11 **CHAIRMAN JOHNSON:** Exhibits?

12 **MS. WHITE:** I would move Exhibit 8.

13 **CHAIRMAN JOHNSON:** Show that admitted
14 without objection.

15 (Exhibit 8 received in evidence.)

16 **CHAIRMAN JOHNSON:** And we will have the one
17 late-filed, Exhibit 7.

18 Any other matters? Oh, sorry, ma'am. You
19 may be excused.

20 (Witness Seay excused.)

21 - - - - -

22 **MR. COX:** Staff would ask that, if possible,
23 BellSouth provide that in a week's time, the
24 late-filed exhibit.

25 **MS. WHITE:** We'll make every effort. I'm

1 sure we can do that.

2 MR. COX: Thanks.

3 CHAIRMAN JOHNSON: Any other matters to come
4 before the Commission?

5 MR. COX: I think that's it.

6 CHAIRMAN JOHNSON: Very good. This hearing
7 is adjourned.

8 (Thereupon, the hearing concluded
9 at 1:10 p.m.)

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1 STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

3 I, H. RUTHE POTAMI, CSR, RPR, Official
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket
6 No. 971399 was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that I stenographically reported
10 the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript, consisting of 168 pages, constitutes a
13 true transcription of my notes of said proceedings
14 and the insertion of the prescribed prefiled testimony
15 of the witness.

16 DATED this 24th day of June, 1998.

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