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BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF JERRY HENDRIX
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 991237-TP
MARCH 1, 2000

Q. PLEASE STATE YOUR NAME, EMPLOYER AND ADDRESS.

A. My name is Jerry D. Hendrix. My business address is 675 West Peachtree Street, N.E., Atlanta, Georgia, 30375. I am Senior Director – Interconnection Services for BellSouth Telecommunications, Inc. ("BellSouth").

Q. ARE YOU THE SAME JERRY D. HENDRIX THAT FILED DIRECT TESTIMONY IN THIS PROCEEDING ON JANUARY 31, 2000?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. The purpose of my rebuttal testimony is to (1) show, once again, that there is no basis for the intermittent application of CCL charges advocated by AT&T in this proceeding; (2) address certain issues raised in Mr. Guepe's testimony on behalf of AT&T; and (3) reiterate that BellSouth's application of CCL charges is consistent with existing Florida Public Service Commission (the

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1 Commission) orders and with BellSouth's Commission-approved Access
2 Services Tariff.

3
4 Q. DOES ANY OF THE ACCESS TARIFF LANGUAGE, RULES AND/OR
5 ORDERS RELIED UPON BY AT&T SUPPORT ITS CLAIMS IN THIS
6 PROCEEDING REGARDING THE ALLEGEDLY IMPROPER ASSESSMENT
7 OF CCL CHARGES?

8
9 A. No. BellSouth's Commission-approved tariff unambiguously provides for the
10 assessment of CCL charges per access minute, with the exception of specific
11 call arrangements identified in my direct testimony, none of which encompass
12 the call arrangements at issue in this proceeding. BellSouth's application of
13 CCL charges is consistent with the regulations and rates for Carrier Common
14 Line Access Services as provided in Section E3 of BellSouth's Access
15 Services Tariff. The isolated portions of BellSouth's tariff referenced by Mr.
16 Guepe in his direct testimony (see page 12), do not support AT&T's claim that
17 BellSouth's application of CCL charges is inconsistent with the language in its
18 tariff. Indeed, to apply CCL charges in the manner suggested by AT&T would
19 be inconsistent with BellSouth's Commission-approved Access Services Tariff.
20 AT&T was not entitled to be charged in any manner other than as defined in
21 BellSouth's tariff. Thus, its claim should be dismissed under the filed tariff
22 doctrine.

1 Moreover, the Commission's access charge plan (Docket No. 820537-TP,
2 Order Nos. 12765 and 14452) clearly supports the application of CCL charges
3 for each and every intrastate originating and terminating switched access
4 minute of use, without regard to the identifiable use of a specific common line
5 facility. Thus, even if the Commission concludes that the common line, as
6 defined by AT&T, is not used during a particular portion of a call (which it
7 should not), BellSouth is still entitled to assess CCL charges.

8
9 Q. BEGINNING ON PAGE 5, LINE 20, MR. GUEPE INDICATES THAT UNDER
10 THE FCC PLAN, WHATEVER LOOP COSTS ARE NOT RECOVERED BY
11 FLAT SUBSCRIBER LINE CHARGES ARE TO BE RECOVERED FROM THE
12 CCL CHARGE. DID THE COMMISSION CHOOSE TO IMPLEMENT A
13 SUBSCRIBER LINE CHARGE?

14
15 A. No. The Commission did not choose to implement a subscriber charge. It
16 was the Commission's belief that "... all access charges for use of the local
17 network should be set by one jurisdiction: the various state commissions."
18 (Order No. 12765, at 13). Instead of implementing a subscriber line charge,
19 the Commission approached cost recovery through the revenue requirement
20 analysis, as detailed in Order No. 12765, at 8-12. In the revenue requirement
21 analysis used by the Commission, there existed a residual, analogous to the
22 residual non-traffic sensitive amount recovered by the federal subscriber line
23 charges in the Exchange Carriers Association (ECA) tariff. In Florida, the
24 Commission implemented the flat-rated Busy Hour Minutes of Capacity

1 (BHMOC) charge to make up the difference in the revenue requirement left
2 after the application of access charges (including the CCL charge) and
3 ancillary services.
4

5 Moreover, Guepe's statement has no bearing in Florida because the federal
6 actions (Modified Final Judgement and CC Docket No. 78-72) that mandated
7 the establishment of access charges reserved "to the state regulatory
8 commissions, the obligation and authority for setting intrastate access
9 charges" (Order No. 12765, at 4). Thus, it was within the Florida
10 Commission's jurisdiction to adopt whatever access charge methodology it
11 deemed to be appropriate.
12

13 Q. WHAT IS THE RELEVANCE OF MR. GUEPE'S TESTIMONY IN THIS
14 PROCEEDING BEGINNING AT PAGE 6, LINE 7 AND CONCLUDING ON
15 PAGE 9, LINE 19 REGARDING ACCESS SERVICES RATE DESIGN AND
16 STRUCTURE?
17

18 A. With the possible exception that the Commission chose to adopt the FCC
19 approved ECA access rates, absolutely none. The relevant Commission
20 access charge setting methodology and orders are discussed in detail in my
21 direct testimony.
22

23 Q. AT PAGE 9, MR. GUEPE QUOTES BELLSOUTH'S WITNESS, MR. PRICE:
24 "IT IS THE PROVISION OF AN ACCESS LINE AND NOT THE USE OF

1 ADDITIONAL INTRASTATE MINUTES THAT CAUSES THE COMPANY TO
2 INCUR COMMON/DEDICATED ACCESS LINE COSTS". WHAT IS THE
3 RELEVANCE OF THIS STATEMENT IN THIS PROCEEDING?
4

5 A. None. From a cost-causative standpoint, this is a true statement. However,
6 the Commission ultimately decided and ordered that these non-traffic sensitive
7 costs be recovered on a per minute of use basis from the IXCs rather than
8 establish a flat rate end user subscriber line charge as was done in the
9 interstate arena (Order No.12765, at 7). Underlying AT&T's contentions in this
10 proceeding is the assumption that CCL charges are to be assessed based
11 upon individualized use of specific common line facilities as if such use were
12 the cause of the costs being recovered thereby. The exact opposite is the
13 case. CCL charges are not assessed upon interexchange carriers because
14 interexchange carriers cause common line costs to be incurred. The
15 Commission noted in Order No.12765, at 13 that "We believe the cost of the
16 subscriber loop should be paid for by all users of these facilities including the
17 IXCs. The notion that an IXC should pay nothing for the subscriber loop
18 because its use does not impose additional costs on the LEC is ill founded and
19 contrary to common business practice, which is to charge customers for use of
20 fixed cost facilities in the price for goods and services. There will, therefore,
21 be no flat rate end user charge for intrastate toll access."
22

23 Q. AT PAGE 11, MR. GUEPE STATES THAT, "BELLSOUTH'S CURRENT
24 APPLICATION OF THE CCL IS BROADER THAN THE NTS (I.E., LOOP)

1 COSTS FOR WHICH IT WAS DESIGNED. BELLSOUTH'S APPLICATION
2 OF THE CCLC TO THE USE OF ANY FACILITY OTHER THAN AN END
3 USER SUBSCRIBER LOOP IS NOT CONSISTENT WITH THE DESIGN OF
4 INTERSTATE OR FLORIDA INTRASTATE ACCESS ELEMENTS." PLEASE
5 COMMENT ON THESE ALLEGATIONS.

6
7 A. Mr. Guepe is incorrect. To the contrary, as provided in my pre-filed direct
8 testimony, BellSouth fully adheres to the Commission's access orders in the
9 application of CCL charges on each and every intrastate originating and
10 terminating switched access minute of use.

11
12 Q. DOES BELLSOUTH COMPLY WITH ITS TARIFF?

13
14 A. BellSouth's application of CCL fully complies with its Florida Access Services
15 Tariff. In section E2, General Regulations, "Common Line" denotes a line,
16 trunk, pay telephone line or other facility provided under the general and/or
17 local exchange service tariffs of the Telephone Company, terminated on a
18 central office switch. A common line-residence is a line or trunk provided
19 under the residence regulations of the general and/or local exchange service
20 tariffs. A common line-business is a line provided under the business
21 regulations of the general and/or local exchange service tariffs. The tariff
22 section E3, Carrier Common Line Access Service, provides that CCL will be
23 assessed for every originating and terminating minute of use.

24

1 Q. IF THE COMMISSION DETERMINES THAT BELL SOUTH HAS MISAPPLIED
2 CCL CHARGES ON THE CALL ARRANGMENTS AT ISSUE IN THIS
3 PROCEEDING AND ORDERS THAT REFUNDS BE GIVEN TO AT&T
4 AND/OR CHANGES BE MADE ON A GOING FORWARD BASIS, SHOULD
5 AT&T BE REQUIRED TO FLOW THROUGH SUCH REDUCTIONS?
6

7 A. Yes. If the Commission should resolve the dispute relative to the application
8 of CCL charges to the call arrangements at issue in this proceeding in AT&T's
9 favor, then AT&T should be required to flow through the reduction to Florida
10 consumers. In order to ensure that the appropriate Florida consumers benefit
11 from any reduction in intrastate switched access charges, the Commission
12 should require AT&T to flow through any reduction, retroactively and on a
13 going forward basis, on a dollar-for-dollar basis to residential and business
14 MTS rates.
15

16 Q. DO YOU HAVE ANY FINAL COMMENTS ON THE TESTIMONY FILED ON
17 BEHALF OF AT&T.
18

19 A. Yes. Any change in the existing rules for assessing CCL charges would have
20 a significant impact upon not only BellSouth but also all other LECs, involving
21 drastic changes to the way in which CCL charges have been applied up to this
22 point in time. Indeed, it is questionable whether the appropriate mechanisms
23 could be obtained which would provide for the identification, tracking and
24 revised billing of all the call arrangements which AT&T challenges. Clearly,

1 such could not be obtained without significant developmental efforts as well as
2 monetary outlays. This is particularly true since the telecommunications
3 industry is on the brink of massive and fundamental changes.

4
5 Indeed, if the Commission were to deem the approach advocated by AT&T to
6 have some merit, then it should first conduct a rulemaking proceeding in order
7 to (1) provide proper notice and an opportunity for all concerned parties to
8 comment; (2) to weigh the tremendous burden such a proposal would have on
9 the industry; and (3) solicit and consider alternative common line recovery
10 mechanisms which could accomplish the Commission's purposes (such as flat
11 charge) without creating the upheaval which AT&T's position would involve
12 and which would be better aligned with the new local exchange and access
13 environment.

14
15 Q. AS PART OF ANY RULEMAKING PROCEEDING, SHOULD THE
16 COMMISSION REVIEW THE EXISTING MECHANISMS FOR OBTAINING
17 CONTRIBUTIONS TO THE RECOVERY OF COSTS?

18
19 A. Yes. The Commission should review the existing mechanisms for obtaining
20 contributions to the recovery of costs, which are presently recovered through
21 CCL charges. The rationale for and workability of a usage-sensitive
22 mechanism for obtaining such contribution would appear to be seriously
23 questionable, especially in a competitive local exchange and access
24 environment. However, rather than expending its time on scrutinizing how

1 CCL charges should be applied under the existing rules for the various call
2 arrangements which AT&T questions, BellSouth recommends that the
3 Commission focus upon appropriate changes which are needed in overall
4 contribution and subsidy mechanisms in the rapidly changing and increasingly
5 competitive local exchange and access markets.

6
7 Q. WHAT IS YOUR RECOMMENDATION TO THIS COMMISSION?

8
9 A. It is appropriate for CCL charges to be assessed per switched access minute
10 of use to every originating and terminating minute of use except in the three
11 narrow exceptions detailed in my direct testimony. Indeed, the Commission
12 ordered that CCL be applied in this manner in Docket No, 820537-TP, Order
13 Nos. 12765 and 14452. BellSouth agrees with AT&T that CCL charges are
14 not to be imposed for the RCC interconnection arrangements included in the
15 complaint. However, the call forwarding, call waiting, three-way calling,
16 foreign exchange and voice mail and fax processing are call arrangements for
17 which CCL charges apply per access minute of use.

18
19 Q. BRIEFLY SUMMARIZE YOUR REBUTTAL TESTIMONY.

20
21 A. Access minutes of use are involved for the call arrangements at issue in this
22 proceeding. Any requirement that CCL charges be suspended and
23 suppressed in the manner advocated by AT&T would be unreasonably
24 burdensome, if not impossible to accomplish. Moreover, any such directive

1 would be contrary to the Commission's Order Nos. 12765 and 14452 and to
2 BellSouth Commission-approved Access Services Tariff.

3

4 Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?

5

6 A. Yes.

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