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March 1, 2000

Mrs. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Docket No. 991237-TP

Dear Mrs. Bayo:

Enclosed for filing in the above-referenced docket are an original and fifteen (15) copies each of the rebuttal testimony of Jerry J. Langin-Hooper and Richard Guepe on behalf of AT&T Communications of the Southern States, Inc.

Copies of the foregoing are being served on all parties of record in accordance with the attached Certificate of Service.

Thank you for your assistance with this matter.

Yours truly,

Tracy Hatch

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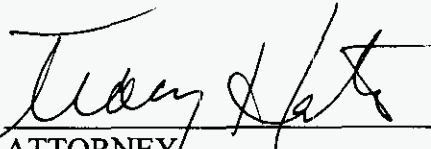
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CERTIFICATE OF SERVICE
DOCKET NO. 991237-TP

I HEREBY CERTIFY that a true and correct copy of the foregoing was furnished
via U.S. Mail to the following parties of record on this 1st day of March, 2000:

Nancy B. White
c/o Nancy Sims
BellSouth Telecommunications, Inc.
150 S. Monroe Street, Suite 400
Tallahassee, FL 32301-1556

Diana Caldwell
FPSC
2540 Shumard Oak Blvd.
Room 301D
Tallahassee, FL 32399-0850



ATTORNEY

**BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION**

DOCKET NO. 991237-TP

REBUTTAL TESTIMONY

OF

JERRY J. LANGIN-HOOPER

ON BEHALF OF

AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.

ORIGINAL

March 1, 2000

DOCUMENT NUMBER-DATE

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**REBUTTAL TESTIMONY OF
JERRY J. LANGIN-HOOPER
ON BEHALF OF
AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.
DOCKET NO. 991237-TP**

I. Introduction

Q. PLEASE STATE YOUR NAME, POSITION, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is Jerry J. Langin-Hooper. I am the owner and principal consultant of Langin-Hooper Associates, a professional consulting firm. My business address is 6940 N. Academy Boulevard, #520, Colorado Springs, Colorado.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of AT&T.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my rebuttal testimony is to reply to the testimony of W. Keith Milner and Jerry D. Hendrix, both of BellSouth.

1 **II. Reply to the Testimony of W. Keith Milner**

2

3 **Q. HAVE YOU EXAMINED IN DETAIL THE TESTIMONY OF W.**
4 **KEITH MILNER IN THIS PROCEEDING?**

5 A. I have.

6

7 **Q. IN YOUR OPINION, DOES MR. MILNER'S TESTIMONY**
8 **ADDRESS HOW ORIGINATING AND TERMINATING**
9 **SWITCHED ACCESS SERVICE IS PROVIDED FOR THE CALL**
10 **ARRANGEMENTS AT ISSUE IN THIS PROCEEDING?**

11 A. No.

12

13 **Q. WHY NOT?**

14 A. Mr. Milner's testimony fails to describe the specific access elements
15 provided by BellSouth in conjunction with the call arrangements at issue
16 here.

17

18 **Q. IN YOUR OPINION, WHAT DOES MR. MILNER'S TESTIMONY**
19 **ADDRESS?**

20 A. Mr. Milner simply describes BellSouth's provision of switched access as
21 "... switched terminating access service is provided beginning from the
22 point at which the call leaves the IXC's premises and enters the LEC's

1 exchange network" [page 5, lines 9 - 11] and "... originating switched
2 access is involved for the switched access provided to the IXC up to the
3 point where the call enters the IXC's network". [page 7, lines 11 - 13]

4 He has not described how switched access is provided for the
5 service arrangements at issue but has simply indicated that the point of
6 interconnection between BellSouth and an IXC is the interface at which
7 switched access services begin for terminating calls or end for originating
8 calls. Highlighting the interface point does not describe the specific
9 switched access elements which are involved for the call arrangements at
10 issue here.

11 He then briefly summarized BellSouth's process for recording and
12 measuring access minutes. What he failed to note was that the recording
13 and measurement process is located in BellSouth's local network at the
14 interface point between BellSouth and an IXC. Usage of all other specific
15 access elements such as local switching and CCL is implied and imputed
16 by BellSouth from the interface point measurements. Nowhere in his
17 discussion does Mr. Milner address BellSouth's procedures for assuring
18 that the implied imputed usage of those elements corresponds to the actual
19 usage of those elements.

20

21 **Q. WOULD YOU LIKE TO COMMENT ON MR. MILNER'S**
22 **CHARACTERIZATION OF "DISCONNECT" PROCESS FOR**

1 **CALLS ASSOCIATED WITH SOME OF THE SERVICES AT**
2 **ISSUE IN THIS PROCEEDING?**

3 A. Yes. Mr. Milner characterizes a "flash [of] the switch hook" as distinctly
4 different from the disconnection process. In fact, the distinction is simply
5 a matter of a few milliseconds difference in the on-hook duration of the
6 receiver at the customer's premises.

7 I would like to provide a simple example that I have found from
8 my detailed examination of calls associated with three-way calling which
9 demonstrates that BellSouth has failed to appropriately consider the
10 ramifications of the interactions of its optional local services with those of
11 the IXCs.

12 When a three-way calling subscriber places an IXC-carried call to
13 a party who does not answer, originating access charges are billed by
14 BellSouth from the time that the caller completes dialing and the call is
15 passed to the IXC. If after a dozen rings the caller concludes that no one is
16 likely to answer, he may hang up briefly, then take the receiver back off-
17 hook, obtain a new dial tone and make another call. If the duration of the
18 on-hook condition is sufficiently short, the new dial tone may be generated
19 by the BellSouth switch as though the caller intended to invoke the three-
20 way calling feature, even though he did not. When the second call is
21 successfully completed, the caller may enjoy a long conversation, fully
22 unaware that the "first" call is still ringing continuously "in the

1 background." Originating access charges accrue to the IXC on that
2 unanswered call even though the caller has no intention of ever joining
3 that call with the current, completed one. When the caller finally hangs up
4 (and leaves the receiver on-hook), the BellSouth switch eventually
5 recognizes the disconnect and terminates the never-completed first call.
6 The IXC will receive a bill for a substantial number of access minutes of
7 use on a call attempt which was never completed, which was intended to
8 be terminated after a brief interval and which did not use the subscriber's
9 common line for most of the duration of the billed period.

10
11 **III. Reply to the Testimony of Jerry D. Hendrix**

12
13 **Q. HAVE YOU EXAMINED IN DETAIL THE TESTIMONY OF**
14 **JERRY D. HENDRIX IN THIS PROCEEDING?**

15 **A.** I have.

16
17 **Q. DO YOU AGREE WITH MR. HENDRIX'S CHARACTERIZATION**
18 **OF AT&T'S POSITION ON HOW CCL CHARGES SHOULD BE**
19 **ASSESSED TO THE CALL ARRANGEMENTS CITED IN THIS**
20 **DOCKET?**

21 **A.** In general, yes. I would add that AT&T also believes that when a
22 particular arrangement results in more than one carrier (either

1 interexchange or local) providing distinct telephone call origination or
2 delivery services on behalf of each carrier's customer, those carriers should
3 jointly share in the assessment and payment of any common line usage
4 charges based on the actual use by each carrier of the common line
5 facilities.

6

7 **Q. WOULD YOU LIKE TO COMMENT ON BELLSOUTH'S**
8 **POSITION REGARDING CCL CHARGE ASSESSMENT?**

9 A. Yes. Mr. Hendrix states that BellSouth's position "... which is supported
10 by the Commission's Orders in Docket No. 820537-TP, Order No. 12765
11 and Order No. 14452, is that CCL charges are to be assessed for each and
12 every intrastate originating and terminating switched access minute of use,
13 without regard to the identifiable use of a specific common line facility".
14 [page 4, lines 1 - 5]

15 I have examined both Order No. 12765 and Order No. 14452 quite
16 closely and can find no reference stating that "CCL are to be assessed ...
17 **without regard to the identifiable use of a specific common line**
18 **facility**". [emphasis added] Quite to the contrary, the Commission appears
19 to have been very concerned that the Florida access charge structure
20 follow common business practice, "... which is to charge customers for use
21 of fixed cost facilities." [Order No. 12765, p. 13]

22 In describing the alternatives for recovering loop costs, the

1 Commission stated "... this alternative has intuitive appeal because only
2 those using the service would pay ..." [Order No. 12765, p. 14] In another
3 portion of the same Docket, the Commission noted that IXCs other than
4 AT&T might provide a service with WATS-like characteristics by
5 ordering a private line from the end user's premises to the IXC's POP; no
6 common line would be used and the Commission did not consider the
7 application of CCL charges appropriate. Even for AT&T's WATS
8 offerings, the Commission refused from the beginning of the access charge
9 structure to require the application of CCL rates to the WATS access line;
10 instead, the Commission properly exempted WATS lines from the
11 assessment of CCL charges years before the FCC did so in its Order #86-
12 1. Throughout the Docket, in its discussion on leaky PBXs and the
13 appropriate pricing structure for FX services, the Commission appears to
14 have been strongly concerned that usage of specific components of the
15 local network be matched by corresponding access charge elements.

16 My review of a significant portion of the extensive Docket
17 revealed the Commission's clear intent that specific access elements
18 should be charged for use of specific access facilities. This was directly
19 stated in the Commission's initiation of the proceeding. "I. Charging
20 elements of the tariff as follows: (4) Element D - Charges for the local
21 loop (NTS between the serving central office and the end user subscriber):
22 (b) On a usage basis." [Order 11551, pp. 3-4]

1 The Commission's original intent appears embedded in BellSouth's
2 tariff as Mr. Hendrix's own exhibit demonstrates "E3.1 A. Carrier
3 Common Line Access provides for the use of Company common lines by
4 ICs for access to end users ..." [Exhibit 2, p. 1]

5 Even more telling is a BellSouth tariff section which Mr. Hendrix
6 did not include as an exhibit. "E6.7 2. Usage Rates: Usage rates are rates
7 that apply only when a specific rate element is used."

8 Finally, Mr. Hendrix himself states that "CCL charges are assessed
9 ... to switched access customers that use local exchange common line loop
10 plant facilities ..." [page 7, lines 9 - 10]

11 Thus, contrary to Mr. Hendrix's statement of BellSouth's position,
12 both the Commission and BellSouth's tariffs indicate that CCL usage
13 charges are to be applied only when common line facilities are actually
14 used.

15

16 **Q. DOES BELLSOUTH PROPERLY ASSESS CCL CHARGES PER**
17 **ACCESS MINUTE OF USE FOR THE CALL ARRANGEMENTS**
18 **AT ISSUE, AS MR. HENDRIX ASSERTS?**

19 A. No. Mr. Hendrix follows Mr. Milner in characterizing access service as
20 being isolated to the single point of interconnection between BellSouth's
21 local network and an IXC's network. [page 9, lines 4 - 13] Mr. Hendrix
22 and Mr. Milner have simply recognized and indicated that BellSouth's

1 recording and measurement systems are located at that point. "IC traffic to
2 end offices switches will be measured ... by the Company at end office
3 switches or access tandem switches. Originating and terminating calls will
4 be measured ... by the Company to determine the basis for computing
5 chargeable access minutes." [Exhibit 1, p. 1]

6 While the tariff states that those measurements are to "determine
7 the basis" for computing access minutes, what Mr. Hendrix has essentially
8 admitted is that BellSouth simply has used those measured minutes and
9 has assumed that they are sufficient for application to all access elements
10 including the CCL element. In spite of apparent Commission directives
11 and tariff provisions to the contrary, BellSouth appears never to have made
12 the effort necessary to assure that its billings of CCL access minutes were
13 computed in a manner which matched the billed CCL minutes with the
14 actual minutes of common line use. BellSouth argues further that since it
15 has not yet been required to make that effort, it should not be required to
16 do so now.

17 At no point in the testimony of Mr. Hendrix or Mr. Milner do
18 either of them demonstrate that BellSouth's CCL billing for AT&T calls
19 which interact with BellSouth's call forwarding, call waiting, three-way
20 calling, FX, voice mail or fax processing services is consistent with the
21 actual usage of common line facilities.

22

1 **Q. HAS MR. HENDRIX CORRECTLY CHARACTERIZED THE**
2 **FCC'S DECISION REGARDING THE APPLICATION OF**
3 **ACCESS CHARGES TO INTERSTATE CALLS THAT INTERACT**
4 **WITH THE CALL ARRANGEMENTS AT ISSUE?**

5 A. Partly. The FCC initially concluded that the IXCs failed to meet their
6 burden under the complaint with regard to call waiting, three-way calling
7 and some intraLATA FX services. Mr. Hendrix failed to note that AT&T
8 immediately filed a petition for reconsideration of the FCC's decision
9 regarding call waiting and three-way calling. The FCC has not yet ruled
10 on that petition.

11 The FCC's decision regarding intraLATA FX service applied only
12 to those LECs who provide intraLATA FX service in a manner which is
13 distinctly different from that in which interLATA FX service is provided.
14 Throughout most of the country including most of BellSouth's service
15 territory, LECs provide intraLATA FX service as a though it were a
16 simple "extension" of local service. In those cases, a single B-1 rate (or
17 the PBX equivalent) "buys" a connection from the customer's premises to
18 the LEC's local central office (the closed end) and a dialtone in the foreign
19 central office (the open end). The only additional charge is for the
20 BellSouth-provided interoffice connection between the two central offices.

21 The Florida Commission has not allowed BellSouth to create and
22 offer this discriminatory arrangement in Florida. Instead, BellSouth's

1 intraLATA FX offering in Florida is equivalent in design and application
2 to interLATA FX services. Thus, the FCC's decision regarding the
3 interaction of interstate calls with intraLATA FX services does not apply
4 to BellSouth's intraLATA FX service offering in Florida.

5

6 **Q. WHY DO YOU CHARACTERIZE THE "TYPICAL" INTRALATA**
7 **FX ARRANGEMENT AS DISCRIMINATORY?**

8 A. As an economist with a background in industrial organization, any
9 arrangement where a company provides its customers preferred pricing if
10 only its component facilities are involved -- rather than the equivalent
11 component facilities of competing providers -- strikes me as
12 discriminatory. This Commission's approach to intraLATA FX has
13 prevented the creation of this discriminatory arrangement in Florida by
14 requiring all types of intrastate FX services to be provided on an
15 equivalent (and competitively substitutable) basis.

16

17 **Q. DO YOU AGREE WITH MR. HENDRIX'S ASSESSMENT THAT**
18 **CORRECTING BELLSOUTH'S CCL BILLING FOR THE CALL**
19 **ARRANGEMENTS AT ISSUE IN THIS PROCEEDING WOULD**
20 **HAVE NO IMPACT?**

21 A. No. Mr. Hendrix asserts that the net impact (i.e., the total revenue
22 received by BellSouth from AT&T for CCL charges) would have been the

1 same, because lower CCL volumes and revenues would have meant higher
2 BHMOC rates. However, Mr. Hendrix's assertion appears to be limited to
3 BellSouth's assessment of CCL charges in 1984, the base year for the
4 establishment of the BHMOC rate. I have created estimates indicating
5 that the magnitude of the overbilling associated with the specified call
6 arrangements may have been only about 3% in 1984 of what the
7 overbilling grew to by 1999. Thus, correcting BellSouth's CCL billing --
8 even with raising BHMOC rates to the "correct" level in 1984 -- still
9 would have saved AT&T more than 90% of the estimated overbilling
10 impact over the interval of 1984 through 1999. With additional
11 information, the full extent of such a correction could be more precisely
12 quantified.

13
14 **Q. DO YOU AGREE WITH MR. HENDRIX'S CLAIM THAT AT&T**
15 **IS NOT ENTITLED TO REFUNDS FOR THE IMPROPER**
16 **ASSESSMENT OF CCL CHARGES?**

17 **A.** No. As described in my direct testimony, BellSouth has improperly
18 assessed CCL charges for the various call types at issue in this proceeding.
19 The amounts are shown in Exhibit JLH-2 to my direct testimony and their
20 derivation is clearly described. More precise calculations of the extent of
21 the overcharges requires detailed actual usage data from BellSouth for the
22 instances in which each of the call features at issue here interact with an

1 AT&T call. AT&T has sought this information from BellSouth;
2 BellSouth's typical response has been "BellSouth has no information
3 responsive to this request." The limited information which BellSouth has
4 provided shows that AT&T's estimates are reasonable and, in some cases,
5 conservative.

6 For instance, FX service volumes appear to have grown by an
7 annual average of about 6.6% from '93 through; AT&T used 5%. The
8 average duration of AT&T calls from and to FX lines were shown to
9 average 4.32 and 6.19 minutes, respectively. AT&T used a 4.00 minute
10 average for both. The total volumes of overbilled CCL charges associated
11 with FX lines cannot be directly calculated from the data which BellSouth
12 made available, but it appears that AT&T's estimate for FX as shown in
13 Exhibit JLH-2 may be within 5% of the "true" overbilled amount.

14 AT&T is continuing to evaluate the data that BellSouth has
15 provided to determine if it may be used in any way to improve the
16 overbilling estimates which AT&T has provided in this proceeding.
17 AT&T will place those conclusions onto this record as soon as they are
18 available.

19

20 **Q. DOES THAT CONCLUDE YOUR REBUTTAL TESTIMONY?**

21 **A. Yes, it does.**