

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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In the Matter of : DOCKET NO. 990649-TP
: INVESTIGATION INTO PRICING OF:
UNBUNDLED NETWORK ELEMENTS :
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PROCEEDINGS: WORKSHOP

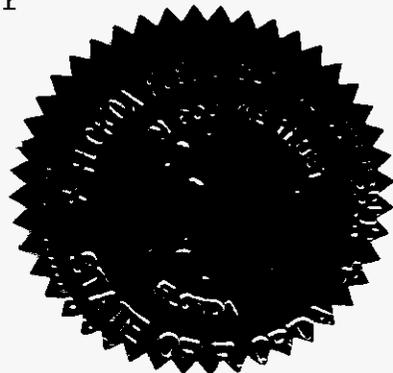
BEFORE: COMMISSIONER E. LEON JACOBS, JR.
Prehearing Officer

DATE: Friday, June 2, 2000

TIME: Commenced at 9:30 a.m.
Concluded at 11:10 a.m.

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

REPORTED BY: KORETTA E. STANFORD, RPR
Official FPSC Reporter



1 IN ATTENDANCE:

2 BILL BARTA, representing Florida Cable Telecommunications
3 Association, participating telephonically.

4 SCOTT HENDERSON and JOHN SPILMAN, representing Broadslate
5 Networks, participating telephonically.

6 BRENT McMAHAN, representing Network Telephone
7 Corporation, participating telephonically.

8 JEFF RAY, representing AT&T, participating
9 telephonically.

10 JIM BOYKIN, representing Northeast Florida, participating
11 telephonically.

12 BETH KIENTZLE, on behalf of Rhythms Links, participating
13 telephonically.

14 MARK ROTHCHILD, Swidler Berlin, representing Florida
15 Digital Network, AtLink, Adelphia, and Broadslate
16 Networks, participating telephonically.

17 GREG DARNELL, representing MCI Worldcom.

18 BRIAN PITKIN, from consulting firm Klick, Kent & Allen,
19 on behalf of AT&T and MCI Worldcom.

20 JOE McGLOTHLIN, attorney for the Florida Competitive
21 Carriers Association.

22 DONNA McNULTY, representing MCI Worldcom.

23 RICK MELSON, representing MCI Worldcom and Rhythms Links.

24 JEFF WAHLEN, Ausley & McMullen law firm, representing
25 Alltel Communications, Inc.

1 JON MOYLE, JR., Moyle Flanigan law firm, representing
2 Global NAPS.

3 BETTY WILLIS, representing Alltel Communications, Inc.,
4 participating telephonically.

5 BOB McKNIGHT and BENNETT ROSS on behalf of BellSouth.

6 WAYNE STAVANJA on behalf of Supra Telecom.

7 CHARLES REHWINKEL, on behalf of Sprint.

8 MICHAEL GROSS, representing Florida Cable
9 Telecommunications Association.

10 DAVID CHRISTIAN and KIM CASWELL, representing GTE.

11 DIANA CALDWELL and WAYNE KNIGHT, staff attorneys, Florida
12 Public Service Commission.

13 LAURA KING and ANNE MARSH, Division of Competitive
14 Services.

15 GREG FOGLEMAN, PAT LEE, LATICCA IYAMU, EVAN SMITHA, YIWEN
16 YU, Florida Staff.

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P R O C E E D I N G S

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MS. CALDWELL: Who is on the phone, please?

Who's calling in?

MR. BARTA: Yes, this is Bill Barta on behalf of
the Florida Cable Telecommunications Association.

MS. CALDWELL: Bill, what's your last name?

MR. BARTA: Barta, B-A-R-T-A.

MS. CALDWELL: Okay.

MR. HENDERSON: Hi, this is Scott Henderson on
behalf of Broadslate Networks.

MS. CALDWELL: Scott, you're breaking up pretty
bad. Could you repeat your name again?

MS. HENDERSON: Sure, Scott Henderson with
Broadslate Networks.

MS. CALDWELL: Spell the name of your company
again.

MR. HENDERSON: It's B-R-O-A-D-S-L-A-T-E.

MS. CALDWELL: Network.

MR. HENDERSON: Networks.

MS. CALDWELL: Thank you.

MR. HENDERSON: I also have John Spilman,
S-P-I-L-M-A-N with me.

MS. CALDWELL: Thank you.

MR. HENDERSON: Thank you.

MS. CALDWELL: Anyone else?

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1 MR. McMAHAN: This is Brent McMahan with Network
2 Telephone in Pensacola.

3 MS. CALDWELL: Brent, would you spell your last
4 name, please?

5 MR. McMAHAN: M-C-M-A-H-A-N.

6 MS. CALDWELL: And you're with whom?

7 MR. McMAHAN: Network Telephone Corporation, CLEC,
8 in Pensacola.

9 MS. CALDWELL: Anyone else?

10 MR. RAY: Yes, this is Jeff Ray with AT&T.

11 MS. CALDWELL: Anyone else?

12 MR. BOYKIN: Yes, this is Jim Boykin, B-O-Y-K-I-N,
13 with Northeast Florida.

14 MS. CALDWELL: Was that Jill or -- your first name
15 again?

16 MR. BOYKIN: Jim.

17 MS. CALDWELL: Would you spell that?

18 MR. BOYKIN: J-I-M.

19 MS. CALDWELL: Thank you.

20 MR. BOYKIN: Okay.

21 MS. CALDWELL: We have some background noises here.

22 MR. BOYKIN: Okay, sorry.

23 MS. CALDWELL: Anyone else?

24 MS. KIENTZLE: Yes, this is Beth Kientzle. That's
25 K-I-E-N-T-Z-L-E. I'm working with the consulting firm of

1 Murray & Cratty for Rhythms.

2 MS. CALDWELL: Anyone else?

3 MR. ROTHCHILD: Yes, this is Mark Rothchild from
4 Swidler Berlin. And I'm on behalf of Florida Digital
5 Network, AtLink, Adelphia, and Broadslate.

6 MS. CALDWELL: Anyone else?

7 MS. OLLILA: We have a court reporter, so for those
8 folks on the phone, before you speak, if you would
9 identify yourself, we'd appreciate it.

10 MS. CALDWELL: We also ask those people on the
11 phone that if you're not speaking to mute, if you can.
12 Otherwise, if you're typing or rustling papers we can
13 usually hear it, and it's very distracting.

14 MS. OLLILA: This is Sue Ollila, Commission
15 Staff. I'd like to welcome you all to this workshop. And
16 I think the best thing would be for everyone to introduce
17 him or herself first as much for us as for the court
18 reporter. We'll start with Wayne.

19 MR. KNIGHT: Wayne Knight, staff attorney,
20 Florida Public Service Commission.

21 MS. CALDWELL: Diana Caldwell, staff attorney,
22 Florida Public Service Commission.

23 MS. KING: Laura King, Division of Competitive
24 Services.

25 MR. FOGLEMAN: Greg Fogleman, Florida Staff.

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1 MS. MARSH: Anne Marsh, Division of Competitive
2 Services.

3 MS. LEE: Pat Lee, Florida Staff.

4 MS. IYAMU: Laticca Iyamu, Florida Staff.

5 MR. SMITHA: Evan Smitha, Florida Staff.

6 MR. YU: Yiwen Yu, Staff.

7 MR. DARNELL: Greg Darnell, MCI Worldcom.

8 MR. PITKIN: Brian Pitkin from the consulting
9 firm of Klick, Kent & Allen.

10 MS. OLLILA: Okay. How about all you other
11 parties sitting in the back, would you mind coming up and
12 introducing yourselves? I appreciate it.

13 MR. MCGLOTHLIN: Joe McGlothlin, attorney for
14 the FCCA.

15 MS. RULE: Marcia Rule, attorney for AT&T.

16 MS. McNULTY: Donna McNulty with MCI Worldcom.

17 MS. WILLIS: Hello?

18 MR. MELSON: Rick Melson representing MCI
19 Worldcom and Rhythms Links.

20 MR. WAHLEN: Jeff Wahlen of the Ausley law firm
21 for Alltel Communications, Inc.

22 MS. WILLIS: This is Betty Willis with Alltel
23 Communications, Inc.

24 MR. MOYLE: Jon Moyle, Jr., Moyle Flanigan law
25 firm representing Global NAPS.

1 MR. MCKNIGHT: Bob McKnight, BellSouth.

2 MR. ROSS: Bennett Ross on behalf of BellSouth.

3 MR. STAVANJA: Wayne Stavanja on behalf of Supra
4 Telecom.

5 MR. REHWINKEL: Charles Rehwinkel on behalf of
6 Sprint.

7 MS. OLLILA: Okay. Anyone else?

8 Okay. Before --

9 MR. GROSS: Michael Gross, FCTA. Thanks. Sorry
10 for the --

11 MR. CHRISTIAN: Dave Christian with GTE. Kim
12 Caswell will be here joining us late.

13 MS. CALDWELL: There was also a late joiner.
14 Was that Betty --

15 MS. WILLIS: Willis.

16 MS. CALDWELL: Thank you.

17 MS. OLLILA: This is Sue Ollila. The purpose of
18 this workshop is to get everybody in the same room at the
19 same time so we can talk about some of the problems that
20 the ALECs have found with BellSouth's cost models in an
21 effort to see where we stand -- what the problems have
22 been, where we stand, and what we expect to happen in
23 terms of how the models will run in the near future.

24 And I thought perhaps the simplest way would be
25 to start with AT&T, first in the alphabet. AT&T filed a

1 motion for continuance. And in order to keep this as
2 simple as possible, what we'd like is the ALECs to go one
3 by one.

4 If you have problems or if you have had problems
5 with the BellSouth's cost model and then for each ALEC,
6 we'd like to give BellSouth an opportunity to respond and
7 clarify.

8 MS. RULE: Are you -- Sue, this is Marcia Rule
9 with AT&T. Are you looking for an explanation of where we
10 are now with the model running? Do you want a chronology?
11 I mean, what would you like us to do?

12 MS. OLLILA: A chronology would be helpful,
13 because we've obviously read your motions, we've heard of
14 difficulties, but we haven't actually gotten everybody
15 together to talk about them. So, chronology and where you
16 are now would be helpful.

17 MS. RULE: Sue, we can provide you with a
18 chronology, and Mr. Pitkin has prepared one.
19 Unfortunately, we don't have enough copies to hand around
20 to everybody, but I'm wondering if that's really going to
21 be a productive use of our time, simply because BellSouth
22 is not contesting a continuance.

23 It might be better, rather than spending a lot
24 of time figuring out how we got to where we are, to talk
25 about where we are and what we need to move forward.

1 We'll do whatever you want, but I don't think we need to
2 argue about who did what to whom. I think we find
3 ourselves in a situation right now that needs remedying.
4 BellSouth has continued to provide information as we've
5 needed it, and Mr. Pitkin can tell you where we are with
6 the model right now, but we will proceed however you'd
7 like.

8 MS. OLLILA: There do seem to be some factual
9 differences here. I was just reading your response or
10 BellSouth's response this morning, and there does seem --
11 there does seem to be a difference of opinion as to what's
12 happened and what's caused the problems. And we might not
13 need to do that with everybody, but certainly with AT&T we
14 would like to get an overview of what's been happening.

15 MR. PITKIN: Brian Pitkin, consulting firm of
16 Klick, Kent & Allen. First, I want to say that the people
17 I've been working with from BellSouth and Jim Stegeman, a
18 consultant for BellSouth with CostQuest have been very
19 helpful throughout this entire process and helping me
20 understand how to get the model to do what I'm trying to
21 do with. So, I'd like to say off the bat they've been
22 very helpful in all of our efforts.

23 Essentially, we got the model back in April,
24 April 17th, and we've been working with it since. There
25 have been a series of discovery requests, and BellSouth

1 has provided some additional information, both formally
2 and filed publicly, but in addition working with me and
3 helping me get access to pieces of the model that were not
4 available in the way it was filed.

5 In running the model, essentially starting after
6 the workshop after I had conversations with Jim Stegeman
7 and follow-up conversations running the model through, the
8 first thing I noticed was I was not able to replicate the
9 results that BellSouth filed.

10 I spoke with Jim Stegeman and Bob McKnight about
11 that and sent them a file with the outputs that I had
12 generated from the model run and also with outputs that
13 they had filed with the model. And there were clear
14 differences, and I didn't know where those differences
15 were coming from. And Bob McKnight and Jim Stegeman
16 worked hard and started right away on trying to find the
17 issues of why I couldn't match the results.

18 In the filing, Bob McKnight's affidavit said
19 that we didn't bring any errors to his attention. I
20 strongly disagree with that, because I did bring to his
21 attention that I could not replicate their results to my
22 knowledge. They had no idea that the CD they filed
23 previously did not -- would not enable one to generate the
24 results that they filed and produce with the model. So, I
25 guess I disagree with that assertion that none of this was

1 brought to their attention.

2 In follow-up conversations on the phone, and I
3 believe the date of that conversation was May 23rd, I
4 spoke with Bob McKnight, and he mentioned that there was
5 an input value that was accidentally zeroed out in the CD
6 filing that they provided to us. And I'm not going to
7 mention that number, because I think it's proprietary, but
8 we put those numbers in, and they still did not replicate
9 the results.

10 On May 24th, Bob McKnight told me that they
11 found another issue that may be causing the problem, and
12 he was running a test on it. It was not until a little
13 over a week ago, May 25th, that I got an e-mail from Bob
14 McKnight stating that they were able to replicate the
15 results in the filing, and that those results were based
16 on, essentially, a check box in the options menu that
17 required all local channels be built with fiber-optic
18 cable.

19 So, it was not until May 25th that we were
20 finally able to replicate the results that BellSouth
21 filed. And I don't think it was until May 25th that
22 BellSouth was able to confirm that they were now able to
23 identify the differences in the CD-rom that they filed
24 with the actual results that they filed. That happens to
25 be the same day that AT&T filed its motion for

1 continuance.

2 So, we did not know at that time when we filed a
3 motion for continuance that BellSouth was able to
4 replicate those results. So, I guess, the assertion is
5 that we knew that they'd replicated the results before the
6 continuance, motion for continuance, and that's absolutely
7 not the case.

8 So, I spent a good amount of time, many days,
9 trying to figure out what I was doing wrong with the model
10 and why I couldn't replicate the results. And, you know,
11 from my standpoint, that's a lot of wasted time trying to
12 figure out what a model does, and you can't even replicate
13 the results.

14 We've also had many conversations with BellSouth
15 about errors I get in running the model. These errors are
16 primarily two different sources; one is when I'm running
17 the investment logic part of the model, the model
18 continuously crashed.

19 I didn't know why it was continually crashing,
20 and in conversations, Jim Stegeman recommended that I
21 alter a trigger that is the excel cycle in the options
22 portion of the menu to change it to something like 250, to
23 play with that number a little bit to see if that's the
24 reason it was crashing. That did turn out, in large part,
25 to be the reason it was crashing.

1 But after that problem was fixed, the model was
2 stopping processing in between the network investment
3 portion of the model and the summary portion of the model.
4 It would not run all the way through. And this is the
5 situation which still hasn't been fixed.

6 Now, it is true that when the model crashes, you
7 can continue running the model from where it crashed, but
8 the problem is this model right now takes -- and Bob,
9 correct me if I'm wrong, but it takes somewhere between 15
10 and 20 hours to run each of those six scenarios that you
11 filed?

12 MR. McKNIGHT: That's right.

13 MR. PITKIN: And if it continues to crash in
14 that process, and you aren't there to baby-sit it, then
15 that 15 hours, and since people have to sleep, turns into
16 30 hours or, you know, add an extra 8 hours in there,
17 turns into 24 hours and in order to turn around the
18 results of one of the six sensitivities in the BellSouth
19 Telecommunications loop model.

20 Now, maybe I've been going down a path working
21 with Bob and Jim that in the end may not turn out to be
22 most efficient, but the way I approach these things is I
23 would much rather spend a few days up front being able to
24 run the model all the way through rather than to spend,
25 you know, another week, because I'd have to sit there and

1 baby-sit it and keep stopping it and restarting it in
2 order to run all the way through.

3 So, up until this point, we are still just
4 trying to get the model to run all the way through, so
5 then we can start playing with it, we can start running
6 sensitivities, which we really haven't been able to do
7 much of yet. So, that's where we are right now is I'm
8 still spending time trying to figure out how to run this
9 model efficiently, to run it without crashing.

10 I have run for sampled wire centers and
11 confirmed that the modified inputs that BellSouth provided
12 to me did enable me to replicate the results for the wire
13 centers I have tested for one element. The problem is I
14 haven't yet run all six of their scenarios, you know, at
15 20 hours apiece, and then having to create all the reports
16 for those scenarios and then bringing in the cost
17 calculator to make sure I can replicate everything.

18 And that, I mean, just in order to be able to
19 replicate every single element that BellSouth filed in
20 each of the six scenarios is going to take a week just to
21 make sure that I'm at the right starting point.

22 Going from then, we can start working on
23 sensitivities and, you know, once we -- once we're able to
24 change the inputs and test the impact of them, each time
25 you run that, you need to go through a process of running

1 the telecommunications loop model, then you need to go
2 through and generate all of the reports, all of the "R"
3 service reports in the model. And I know I'm getting a
4 little bit technical, but after the model runs and it
5 creates a summary process, then you have to run reports.
6 And actually what they're called is the cost calc feeda
7 portions, that's the piece you need to run to get the
8 inputs into the cost calculator.

9 Then, you need to open up the cost calculator
10 and load in all of those loop model inputs, and then after
11 you do that, then you need to run the cost calculator in
12 order to get the results.

13 So, it's a very time-consuming process. And
14 maybe Bob could give me an estimate of how long it takes
15 to run one scenario all the way through, because I haven't
16 yet done that.

17 MR. MCKNIGHT: To run one scenario all the way
18 through from GIS through to a report?

19 MR. PITKIN: Through to a report, then the
20 output of the cost calc fee, then bringing that into the
21 cost calculator then running the cost calculator to get
22 the results.

23 MR. MCKNIGHT: Like you said, that scenario
24 takes about 15 hours to run through the BellSouth loop
25 model. And reports are fairly quickly. If you're just

1 looking at two-wire loop or all the --

2 MR. PITKIN: I'm sorry, in order for us to be
3 able to replicate all of the elements that you have filed.

4 MR. McKNIGHT: Yeah, you're probably talking a
5 day's work to create all the reports for all the loops
6 after the 15-hour run. And then, the calculator is fairly
7 quick. You know, maybe another half a day to run that.
8 So, you're probably talking 30 hours would be my guess,
9 Brian. And I haven't really figured it out, but I would
10 guess, you know, 30 hours, 8 hours a day, you're talking
11 three or four days to run through from beginning to end on
12 the scenario.

13 MR. PITKIN: Okay. So, in order to run all six,
14 you're talking, you know, six times that.

15 MR. McKNIGHT: Yes. If you've got one machine,
16 you're talking six times that.

17 MS. OLLILA: Let me just interrupt for a moment
18 to make sure I understand. To run a scenario all the way
19 through takes three to four days.

20 MR. McKNIGHT: Yes, from beginning to end, if
21 you wanted to redo everything.

22 MS. OLLILA: Okay.

23 MR. McKNIGHT: You know, that's assuming you
24 wanted to redo the GIS process, then redo the investment
25 process, redo the summary process, rerun reports, and then

1 rerun the cost calculator. And that's off the top of my
2 head an estimate of three or four days.

3 MS. OLLILA: Okay.

4 MR. McKNIGHT: And then, Brian, you said six --
5 you're saying six scenarios, because there are three
6 scenarios, but --

7 MR. PITKIN: I'm sorry. They're broken into two
8 parts. Each part, I think, takes about 15 to 20 hours to
9 run.

10 MR. McKNIGHT: That's right.

11 MR. PITKIN: So, it's broken down. Well, you
12 have three scenarios, essentially three sets of inputs in
13 the scenarios. Each scenario has a subset of BellSouth's
14 total wire centers, and it's broken into two parts,
15 because there are just too many in Florida for the model
16 to run all of those wire centers in one scenario. So,
17 it's each of the three scenarios are broken down into two
18 subsets, which is why I'm using a number of sets.

19 MR. McKNIGHT: Yeah. Brian, just one point. I
20 mean, you might not have to start at the beginning with
21 the GIS process, and I'm sure you're aware of this. It
22 depends on what you're trying to change. If you only
23 wanted to change a material price, you would only have to
24 start at the investment process in the BellSouth loop
25 model. If you only wanted to change cost of money or

1 depreciation, you don't have to touch the loop model, you
2 go straight to the calculator. So, it depends on what
3 you're trying to do a sensitivity analysis on.

4 MR. PITKIN: Sure. And actually right now I'm
5 just talking about making sure that I can replicate all of
6 the elements that you filed, starting with the information
7 that was provided to us in the beginning and running all
8 the way through, just to make sure that I'm on the same
9 page so when we start making modifications and adjusting
10 inputs, we're doing it from an appropriate base and can
11 adequately talk about the change and the impact of it.

12 So, obviously, because, you know, we just got
13 the input necessary to be able to even run the scenarios,
14 I guess about eight days ago, I'm nowhere close to being
15 able to even replicate all of the elements that they've
16 filed.

17 And as I said, once that's done, I haven't
18 counted the number of inputs in the model. Obviously, we
19 aren't going to need to perform a sensitivity run on each
20 and everyone of them, but in order to get a feel for the
21 way the model operates and how sensitive it is to certain
22 inputs and how adjusting certain inputs impacts the way
23 the model's built, you're going to need to perform many
24 sensitivities in order to test the model.

25 Now, I will say that I don't plan on running

1 each and every sensitivity on the full model for all wire
2 centers in Florida, but even if you limit that to, I don't
3 know, a dozen different wire centers, you're still talking
4 probably a full day to turn around results for all of the
5 elements at the very least, I imagine. Bob, do you agree
6 with that?

7 MR. McKNIGHT: Yeah, I think that's probably
8 about right. Just a couple -- I don't know if you were
9 through, Brian?

10 MR. PITKIN: Please. I don't know what format
11 you want.

12 MS. OLLILA: Go.

13 MR. McKNIGHT: Just a couple comments, the one
14 about you mentioned that you thought that you had
15 identified errors in the model and that we seem to be
16 disagreeing with that point. And I guess, it's just
17 semantics really. The problems with the one input cell
18 that was erased on the CD and the fact that the box was
19 not checked on the CD, those weren't errors in the model,
20 and they weren't errors in our filing, they were errors on
21 the CD itself. They weren't problems with the model,
22 there were problems with the filing that was made. And
23 that's -- and maybe we didn't word that clearly in what we
24 were talking about there, Brian.

25 MR. FOGLEMAN: So, the CD that you filed here at

1 the Commission, do they contain those omissions?

2 MR. McKNIGHT: They contain those two omissions
3 also.

4 MS. KIENZLE: This is Beth Kientzle. Could I
5 ask people who are back in the room to speak a little bit
6 louder, because those of us who are on the call can't
7 really make out -- for example, Bob kind of cuts in and
8 out.

9 MR. McKNIGHT: I'm sorry.

10 Beth, I was saying -- did you hear my last
11 response?

12 MS KIENZLE: No, I didn't, actually.

13 MR. McKNIGHT: I was just telling Brian that the
14 two problems that he pointed out were not really problems
15 with the model. They were just problems with the CD that
16 was sent out in our filing.

17 There are two problems; one is one of the boxes
18 that you need to check is not checked on the output
19 screens. Another one is there's one input cell and one of
20 the input tables that somehow it disappeared. It's blank,
21 and it should be filled with a dollar amount, but we can
22 correct those two things.

23 As far as the model crashing, I think -- I know
24 Mr. Pitkin has had -- he's probably been running the model
25 more than anyone else. Maybe he's the only one that's

1 tried to run the model successfully, I'm not sure, but we
2 haven't received -- we haven't experienced the same
3 problems that he has experienced. And I haven't been
4 notified that other people are experiencing those
5 problems. But we, you know, we are working with Brian
6 trying to find out what's causing his problems.

7 Jim Stegeman is working with Microsoft. Jim
8 told me yesterday that he believes the problem is a
9 conflict between Windows 98 and Excel 97 that's on your
10 machine. And I'm not sure why that's only happening on
11 your machine, but he is working with Microsoft trying to
12 come up with a solution for that.

13 But we've got the machine. The model is very,
14 very complex. It handles more data in one wire center in
15 Florida than the other models you're used to on HCPM and
16 BCPM and HAI. It handles more data in one wire center
17 than those models handle for the whole state of Florida.
18 It's a very data-intensive model.

19 And it -- but we actually rented about 10 PCs
20 when we were developing the model and testing it and
21 running it. And we've been able to -- we've successfully
22 run it all the time on all 10 of those PCs, and it's not
23 crashing on us. So, we're trying to figure out why
24 Brian's having the problems he's having.

25 MR. FOGLEMAN: When you're running it on all of

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1 those 10 PCs, are you selecting all of the wire centers or
2 are you only selecting three or four wire centers and
3 trying to process it all the way through?

4 MR. McKNIGHT: Yeah. We've actually got the
5 states split up in halves.

6 MR. FOGLEMAN: Right.

7 MR. McKNIGHT: Half the wire centers in one
8 scenario, half in another, and we're running all of those
9 -- the full halves of the state. And we've got all of our
10 machines are Windows NT, except for one, and it's a
11 Windows 98, and we're running it on all of those machines
12 successfully.

13 So, and I'm not saying Brian is not having
14 problems, because I know he is. We're just trying to work
15 and figure out why he's having those problems.

16 MR. FOGLEMAN: Brian, are you running 98 or NT
17 or --

18 MR. PITKIN: I'm running a fairly new machine
19 that we just purchased within the past few months to run
20 -- well, actually, it was originally purchased when we
21 were working on the HCPM, I guess, since this model that
22 the FCC had. And when this came in, we took everything
23 else off that machine and started using that using that
24 machine to run this model exclusively. It's an Intel
25 Pentium III, 667 megahertz machine with 383 megabytes of

1 ram and 20 gigs of hard drive space. It's running Windows
2 98 second edition 4.10.

3 And this is the first time that I heard that it
4 may be an operating system thing. We probably had, I
5 don't know, two dozen e-mails back and forth about the
6 types of errors we've encountered. The last one suggested
7 -- I actually took a screen shot of all the tasks that
8 were open on the machine and sent it to, I believe, Jim
9 Stegeman. I don't know whether I cc'd you on that, Bob,
10 or not.

11 MR. McKNIGHT: You did, but that's no problem,
12 but yes --

13 MR. PITKIN: And he took a list of all the
14 applications that were open. I shut -- there was another
15 -- what he thought might be a conflict. I shut that down,
16 reran it yesterday, and actually started rerunning it
17 Wednesday evening. And it crashed again, even after
18 shutting down all those task lists. So, I know they're
19 working hard to fix it, I'm working hard to fix it. I
20 didn't know that it might be an operating system issue
21 until just now.

22 MR. McKNIGHT: Yeah, Jim Stegeman talked to me
23 when I was in the airport yesterday and told me that.

24 MS. CALDWELL: I'd like to ask a question, Diana
25 Caldwell.

1 Is it your intent to run the model and replicate
2 all the BellSouth the data first and then go in and do
3 some sensitivity testing? Is that your ultimate goal on
4 this?

5 MR. PITKIN: Yeah. My first goal is always to
6 be able to replicate the filing so I know that I'm
7 starting from the same place, and all the models I've
8 dealt with, whether it's the AGI model, the BCPM, the
9 synthesis model, I always make sure that I can replicate
10 it.

11 And to give you an example of why, in the
12 synthesis model, we had an issue where we had two
13 different machines running it and they were getting
14 different results in the synthesis model. In that model
15 we actually had the source code that we could compile and
16 modify to test.

17 And we were finally able to narrow down the
18 source of the problem in that the synthesis model takes
19 some residual lines, it goes through a bunch of
20 calculations to allocate lines, and it has this residual
21 number. Those residual numbers are allocated based on the
22 random number generator used in the computer.

23 Computers with different processor speeds will
24 develop different random numbers in order to distribute
25 those lines so you will get slightly different results.

1 And I wouldn't have known that, unless I was able to
2 replicate their results. And now I know, and by going
3 through that process, you are now able to determine why
4 results are different, if they are, and that's an
5 essential part to getting to the right starting point for
6 analyses.

7 MS. CALDWELL: Would you say that once you are
8 able to replicate the system, do you know how much longer
9 it would take you to do your different synthesis?

10 MR. PITKIN: Given about, you know, a day to
11 turn around an individual sensitivity, you know, I've
12 taken a brief look at the inputs. I know an engineering
13 witness is looking at the inputs as well from an
14 engineering standpoint. I would guess that, you know,
15 we're talking of 30 different sensitivities, I mean, given
16 the thousands and thousands of inputs in there, we're
17 really looking at focusing -- you know, we'd probably
18 break the material type prices down into one, but the
19 difficult part in performing the sensitivities are how the
20 model will handle the differences in, say, the maximum
21 loop length, how is the model going to handle it if you
22 change the number of lines that it can exceed the soft
23 limit in the model; the model has both soft distance
24 limits and hard distance limits and a certain number of
25 lines that can exceed the soft limit but cannot exceed the

1 hard limit. And those kinds of sensitivities are
2 important to understand how the model's constructing the
3 network and how those triggers work.

4 You know, at what point does a building turn
5 over from using copper wire to being on fiber optic and
6 having its own DLC? These are all major inputs into the
7 model that need to be evaluated for their sensitivity.
8 And you can't do -- you can't just change the model at
9 once, because you aren't going to figure out how the
10 fiber-optic crossover point, for example, would effect the
11 results, unless you test it individually. And obviously,
12 once we go through that scenario, then it would take
13 another, you know, 15, 16 days in order to turn around our
14 restated results of all of the elements.

15 MS. CALDWELL: Thank you.

16 MR. MCKNIGHT: Brian, one possible suggestion on
17 the sensitivity analysis is, I mean, the way we've been
18 doing sensitivity analysis is not running the whole state,
19 but picking 10 or 20 or whatever you feel comfortable
20 with, wire centers, so that instead of having to run 15
21 hours here and 15 hours here and then combining them
22 together, you run a handful of wire centers to look at the
23 sensitivity of that particular input, you know, and it may
24 be that it's 40 or 50 wire centers instead of 198 or
25 whatever the number are in Florida, but --

1 MR. PITKIN: Yeah. That's exactly what I plan
2 on doing, which is why I'm talking about one day to turn
3 around the sensitivity rather than 15 days for all
4 elements and all wire centers in all scenarios. But, you
5 know, doing 30 sensitivities is going to take 30 man days
6 just to turn around a dozen or two dozen wire centers.

7 MS. OLLILA: Mr. McKnight, was there anything
8 else you wanted to add?

9 MR. McKNIGHT: No. I think Brian has pretty
10 well covered it. Just in my conversations with other
11 folks, I guess we will get to those, I've had questions
12 from Rhythms Links, MCI, Sprint, and a couple of questions
13 from Greg on the Staff.

14 I haven't been told of problems running the
15 model. I've had questions about the model and questions
16 about inputs, and things like that, but I haven't been
17 told of other people experiencing problems running the
18 model.

19 MS. OLLILA: Okay.

20 MR. ROSS: Sue, this is Bennett Ross on behalf
21 of BellSouth. I just have a question for Ms. Rule.

22 I know that Jim Lamoureux and I -- and Jim is
23 AT&T's attorney in Atlanta, who is responsible for cost
24 matters across the region, and he's my counterpart at AT&T
25 essentially, and he and I speak practically weekly about

1 various cost matters and cost proceedings. And as you can
2 telling from the chronology that Mr. Pitkin has put
3 together, Mr. Lamoureux and I communicated almost
4 immediately after BellSouth filed the cost models in this
5 docket, and I had a standing offer to Mr. Lamoureux to the
6 extent there were any questions that AT&T had that, you
7 know, rather than going through formal discovery if there
8 are questions about operating the model that we'd be happy
9 to answer those.

10 And other than one exchange that I had with
11 requests for information about getting into data, I didn't
12 hear anything from Mr. Lamoureux about, you know, problems
13 with the model and crashes with the model until, I guess,
14 we went to the technical conference about a month after
15 model's been filed.

16 And my question to Ms. Rule is has anyone else
17 at AT&T attempted to load this model other than
18 Mr. Pitkin? I'm assuming that when AT&T requested access
19 to data files and the like that somebody had actually put
20 this model on a machine and was running it at AT&T before
21 we heard from Mr. Pitkin. Is that -- do you know anything
22 about that?

23 MS. RULE: Mr. Pitkin is the witness in this
24 case, and he's the consultant who has been doing the work.

25 MR. ROSS: Okay. So, the answer is nobody at

1 AT&T has tried to install that?

2 MS. RULE: To my knowledge, Mr. Pitkin is the
3 one who has been doing that. But then, again, as you
4 mentioned, Mr. Lamoureux is the one who has been dealing
5 with this case, the specific aspects. And I'd also like
6 to point out that I would assume, based on my
7 conversations with Mr. Lamoureux, the reason that he
8 wasn't in touch more frequently was that the experts were
9 in touch with each other on a daily basis.

10 MR. ROSS: Well, that's the part that's kind of
11 -- you know, and I'm not sure this really makes a big
12 difference in the scheme of things, but if you look, not
13 much happened between 4-17 and 5-15. Basically, a month
14 passed without any word from Mr. Pitkin, Mr. Lamoureux or
15 anybody at AT&T about a wait a minute, this thing's
16 crashing and burning, I can't get this thing to operate.

17 Yeah, you're right, between 5-15 and up until
18 today, we've had a flurry of e-mails and correspondence,
19 and I appreciate Mr. Pitkin's comments about, you know,
20 BellSouth trying to provide assistance, because we have
21 been doing that, and we've committed to doing that. But
22 if you look at, basically, a month passing before any of
23 that really happened, I was just curious to why that was.

24 MS. RULE: Well, two things. First of all,
25 that's not how I interpret the chronology, but the dates

1 are what they are. And then, Mr. Pitkin has a response.

2 MR. PITKIN: The model was filed on the 17th and
3 I loaded it the very next day and was working with it
4 since then.

5 The problem is, and as you can see, we requested
6 a couple weeks after the model was there after I'd figured
7 out how to start using it, you know, read all the
8 documentation, was playing around with it, we asked for
9 the GIS master data that would let us run the model all
10 the way through. That data was not provided until the day
11 before the workshop. So, as I understand it, that
12 information was provided on May 11th -- I'm sorry, a
13 couple days before the workshop.

14 So, we really didn't have time to run the model
15 all the way through from start to finish, we could not
16 adjust any of those engineering inputs that I was
17 describing, because we didn't have all of the information
18 in the model.

19 MS. OLLILA: Okay. Why don't we move on to MCI.

20 MR. KNIGHT: Actually, I've got one question of
21 BellSouth. The CD that was submitted to the Commission,
22 was that CD run through BellSouth itself? Did they run
23 that model through to check that CD for those
24 discrepancies prior to it being submitted to the
25 Commission?

1 MR. McKNIGHT: No, obviously, we did not. I
2 mean, we ran the model. We filed our paper copies of the
3 study results, then in going in and pulling off the model,
4 the files off of the PCs to create the CD somewhere
5 between the time that we ran our model, created our
6 filing, and someone went in to pull the files off of the
7 PC to create the CDs, those two changes were made, and
8 we're really at a loss as to how those two things
9 happened.

10 I mean, we have verified since then that we make
11 these two changes on the CD, and we do come back to our
12 filed results, our intended results. But, you know, we
13 should have checked every CD. We were filing, I think it
14 was 150 CDs. And we should have checked them, but we were
15 running out of time and we didn't -- obviously, didn't
16 check those CDs. We didn't think anything like that could
17 happen. It's on the PC, we were going to pull the files
18 off, and burn them on a CD, but those two changes were
19 made somewhere in the interim.

20 MR. KNIGHT: Thank you.

21 MR. ROSS: Just at the risk of cross examining
22 my own witness, just so the record's clear, Bob, the one
23 issue about selecting the check box, that doesn't require
24 a new CD, anybody can go in and just check the box on the
25 existing CDs?

1 MR. McKNIGHT: Yeah. Well, actually, both of
2 the things can be corrected. And it's basically just
3 going in and checking a box and going into an input table
4 and typing in a number. I mean, there are two easy fixes,
5 but they are -- they are problems on the CDs as they were
6 sent out.

7 MR. ROSS: And we will provide all the parties
8 and the Staff with the specific means to make those fixes
9 so that if anybody is interested replicating the results
10 they can readily do that.

11 MR. KNIGHT: Okay, but without being aware that
12 those changes would they have to be made, you wouldn't
13 arbitrarily go in and make those changes?

14 MR. McKNIGHT: I'm sorry.

15 MR. KNIGHT: Without BellSouth having made the
16 Commission aware that those changes needed to be made in
17 order to replicate the results, what would be the impetus
18 for someone to go in and make those changes? There would
19 be none?

20 MR. McKNIGHT: No, there would be none.

21 MR. KNIGHT: Okay, thank you.

22 MR. McKNIGHT: The model would run without those
23 two changes.

24 MR. KNIGHT: Okay, thank you.

25 MR. DARNELL: Greg Darnell with MCI Worldcom.

1 I have a little slightly different experience
2 than Brian. I -- in the regional management of MCI for
3 the entire BellSouth region, this is the first time this
4 cost model has been used that was -- and, basically, we
5 were pretty impressed when we first looked at it, because
6 we -- reading the documentation, in the documentation it
7 is a very strongly-forward for what, in our opinion, for
8 what BellSouth used to file --

9 SPEAKER: Hey, Greg, can you speak up?

10 MR. DARNELL: Yes, I can. It's a very complex
11 model, as Bob was saying. It does things that we want it
12 to do. The problem is it takes an awful long time to do
13 that, but that's kind of the nature of the beast. The
14 more complex you get, the longer it takes to run.

15 I first received the CDs the day after the
16 filing on the 18th of April. I had different problems
17 with this latest -- first, the model is designed to run in
18 Windows NT. My machine runs Windows 98. BellSouth has
19 written a program to enable it to run on Windows 98. And
20 they give you that program that you can execute when you
21 get the model so that it will also operate on Windows 98.
22 That program that you run to make it run on Windows 98
23 modifies some of the library files and files on your
24 machine so that it will properly run the model so that you
25 can adapt.

1 I believe that when I first ran that program it
2 -- well, when I first tried to load the CDs, it did not
3 load. I got an error message saying it was missing -- I
4 was missing some library file.

5 What the occurrence was, was that the program
6 BellSouth wrote to adapt into Windows 98, when it was
7 looking for a file on my machine that wasn't there, I had
8 to go to Microsoft to get an update for my version of
9 Windows 98. And once I received that version, I got a
10 second copy of the CDs that I attempted to load on my
11 machine about three days later on the 21st. The second
12 set, one of the CDs that was sent to me, was blank. It
13 had nothing on it, so I could not use it at all.

14 And by that point and time, I had received the
15 information from Microsoft to put a patch on my version of
16 Excel, which runs -- if you understand Excel, it's a
17 subset of Office, basically, to update your Microsoft
18 Office. It updates off Microsoft Excel in order to -- if
19 you run through the model.

20 All this time I was working with Bill Yaegman
21 and Leon Armstrong with BellSouth. They were very
22 helpful. Like I said, this is the first time we've ever
23 filed this model, so some errors and some of the problems
24 are inevitable. The second set of CDs was missing
25 entirely, CD number three was blank. I received a third

1 set of CDs on April 25th, and on one of those CDs I had an
2 error message saying there was damage to data on CD number
3 three, it was damaged when downloading, but I was able to
4 make a set of CDs out of all the other sets; basically,
5 take one from each one of the filings and put them all
6 together and come up with three CDs that actually worked.

7 And I was able to get the model loaded for the
8 first time on or about May the 1st or 2nd. I don't know
9 exact date, but I believe I sent an e-mail message to one
10 of my attorneys saying, "I'm up and running, finally," and
11 that was on May the 2nd.

12 At that point, I recognized that this model
13 takes an awful long time to run. So, it takes three days
14 to run a scenario, and I don't have that kind of time. We
15 have a witness, Brian Pitkin, that was doing that. So, I
16 diverted my attention from the loop model.

17 Recall, we're only talking about one portion of
18 BellSouth's filing. There's also a switching model and
19 the cost calculator and a nonrecurring cost analysis and
20 also a whole bunch of files that I'm looking at, it's the
21 shared and common cost calculator that works inside the
22 cost calculator.

23 So, I stopped working on the loop model,
24 basically, abandoning my efforts to do anything with it,
25 because I didn't have three days to spend running each

1 scenario, which is three weeks of work, and I had a filing
2 date at that time was June 1st, four weeks away.

3 So, I started working on the cost calculator and
4 looking at the files that I would be concerned with. And
5 I determined fairly quickly that the cost calculator
6 failed to generate the output that was filed. It made a
7 change to the inputs. It did not refresh itself. It did
8 not take data you put in one place and lay it into another
9 place so that it actually did a new calculation.

10 And on -- I talked to BellSouth about this, and
11 on May the 23rd I received a program, a software patch,
12 electronically through e-mail from Andy Langston, it's
13 their cost calculator manager, that they sent me that
14 would fix this problem that was in the cost calculator so
15 that the model would refresh itself when you changed
16 inputs.

17 We got that fixed, and I was then able to run
18 the sensitivity analysis through the cost calculator on
19 changes of cost of capital and shared and common cost
20 factors. And then, when looking at the shared and common
21 cost factors, a week later, which was earlier this week, I
22 found that the output from the shared and common cost
23 application in the common cost factor -- in the common
24 cost calculator was truncated. You couldn't read all the
25 output.

1 Basically, it dumps a bunch of expenses and
2 investments in a field for you to look at. You can tell
3 how much money is being assigned or attributed to each
4 account, but that output file was truncated. And instead
5 of being in the millions or billions of dollars, you could
6 only read the first hundred thousand dollars. So, I
7 notified BellSouth again about that problem of truncation
8 of that output file and received yesterday another
9 software patch to fix that problem in the shared and
10 common cost application.

11 That seems to have fixed that problem in the
12 shared and common cost application, so now I can read the
13 output in each account type. My objective here was to
14 take the numbers that were filed on how much common costs
15 there were and how much total costs there were and trace
16 back where they came from.

17 Well, when I first started the trace, I found
18 out one, they didn't refresh, so I got the new first
19 patch. And then I found out once I got a refreshed patch
20 that they truncated and I got that patch and now I can
21 start -- I think I can actually start to trace back where
22 the common cost amounts and where the total cost amounts
23 come from.

24 I just got it yesterday, so, I haven't been able
25 to verify that, but at least now I know -- I made one step

1 backwards into their model. I don't know how many more
2 steps I can make. I think I can go all the way back to
3 the root, but I haven't had the chance to do that yet.

4 Basically, I wanted to elaborate a little more
5 about why we're taking this approach. We don't want to --
6 MCI Worldcom doesn't want to make this case into a --
7 whose model is better case. If we filed HAI and they have
8 BellSouth's model, we think BellSouth's model, in its
9 root, is a good model. It's whether or not it can be
10 adapted to, and we actually can see the output and do the
11 sensitivity and it -- maybe we don't agree on some of the
12 ways it does the engineering of the network, but in its
13 root it's not a bad structure.

14 So, we want to get this case away from
15 squabbling about whose model is better and squabble about
16 what outputs are the right outputs. So that's why I
17 basically dropped my analysis of the model and relied on
18 Brian Pitkin. And he's the only one for Worldcom that is
19 currently running the model. I don't know about the other
20 parties, but AT&T just spoke also that we're relying on
21 Brian to do the loop portion of the model.

22 Like I said, there's multiple cost models here.
23 Brian is doing the loop model analysis for us. We have
24 other people doing the engineering, the shared and common
25 cost factors, the switching portion of the models, but it

1 took so long to run, we are relying on Brian to do this
2 portion of the case, which is the loop portion of the
3 model.

4 I think that's about all I have to say, but
5 basically the point we're at now, we're at the point on
6 June 2nd where we felt we could be on May 1st, May 2nd.
7 So, we're about a month behind schedule. I don't think
8 our differences and our problems are completely that they
9 can't be fixed. I think we can move forward. It's just a
10 matter of we're a month behind schedule. Thank you.

11 MR. McKNIGHT: I did get a call from Mr. Darnell
12 about the shared and common model, but I am not an expert
13 on the shared and common application. I referred him to
14 the subject matter experts in our department who handle
15 that model, and the software patches that Greg has talked
16 about, that's the first I'd heard about them. So, I
17 really -- I don't have any comments on that. I don't know
18 what happened in that process.

19 MR. DARNELL: I don't know of anybody else that
20 has software packages. I know I have them on my PC here,
21 but --

22 MR. FOGLEMAN: Are the patches that you're
23 referring to, to the actual -- the filing that BellSouth
24 made or are they patches to Excel?

25 MR. DARNELL: They're patches to BellSouth's

1 visual basic program that runs their model.

2 MR. FOGLEMAN: Okay.

3 MR. McKNIGHT: I'm not sure what all those are,
4 but I'm assuming everyone needs those, just like Greg
5 needs those. If they do, then we will make those
6 available to everybody as soon as possible.

7 MS. OLLILA: To your knowledge, you haven't
8 actually filed revised or filed something that would
9 provide the software patches?

10 MR. McKNIGHT: No. I know we have not done that
11 yet.

12 MS. OLLILA: Thank you.

13 Rhythms, did you --

14 MR. MELSON: Ask Beth Kientzle.

15 MS. KIENZLE: This is Beth Kientzle.

16 I haven't had the kind of difficulties that
17 Brian has had, but there are a few points I'd like to
18 make. I guess the first one is that I'm a little
19 concerned about the program patches, in fact, the changes
20 to the CD-rom that would help us to replicate the results,
21 because we haven't received those at this point to my
22 knowledge and I have, in fact, had difficulty replicating
23 the results but haven't been able to. So, we need to be
24 provided with any updates that are necessary to get to
25 what BellSouth has filed.

1 I'll be honest. Because of the time it takes to
2 run these -- the model all the way through, and because
3 I'm using, I guess, a slightly older computer, it takes me
4 somewhat longer than we've been talking about here. And I
5 haven't been able to devote that kind of time.

6 So, I quickly gave up on trying to run all the
7 way through and have been concentrating on doing
8 sensitivities with particular wire centers. But the one
9 point that I would like to make is that the GIS
10 information that was provided to AT&T and MCI some time
11 after the filing, is actually necessary, as I understand
12 it, in order to make new scenarios.

13 And we didn't receive that until a lot later.
14 So, I wasn't able to run the model until I got that GIS
15 data, because you have to start from that point or else I
16 haven't found any way that you can create new scenarios
17 with that.

18 So, those are our basic problems. It doesn't
19 seem like we have all the information. It takes an
20 extraordinary amount of time to run it, and we haven't
21 been able to replicate the results.

22 MR. McKNIGHT: Beth, this is Bob McKnight.

23 You don't have to have the GIS master data to
24 run new scenarios. If you're wanting to redo the GIS data
25 itself, then you would need that data. And I know AT&T

1 asked for it and received it and, obviously, you've got
2 the data now. But the model -- we tried to make the model
3 such that things like the crossover from copper to fiber,
4 12,000 feet or 9,000 feet or 18,000 feet or whatever the
5 parties might think that correct crossover point is, that
6 that's in this model. It's a user-adjustable input as
7 opposed to other models that you have to go back and redo
8 all of that GIS preprocessing to make certain changes like
9 that.

10 We try to take as much as possible out of the
11 preprocessing function and put it into the model so that
12 it's user adjustable. The preprocessing data, and you've
13 got road data and terrain data and customer data and it's,
14 basically, just an overlay. You know, you've got a road
15 map and you're overlaying it with terrain characteristics
16 and you're overlaying that with our customer locations.
17 And there's probably something I'm leaving out of that
18 process, but it depends on what you're trying to do, but
19 you don't have to have that GIS master data.

20 MS. KIENTZLE: Well, you know we never did talk
21 about this, but I was unable to make a scenario run until
22 I ran beginning with the GIS. I did try to create new
23 scenarios, and I copied over the GIS stuff, and it just
24 wouldn't acknowledge that it was there until I ran it.

25 MR. McKNIGHT: We can walk you through that,

1 that process, Beth, on how to create a new scenario. I
2 mean, when you create a new scenario you, basically, are
3 starting with the BST 2000 scenario and then you go and
4 make the changes that you want to make from that point,
5 but we'll be glad to walk you through that process.

6 MR. PITKIN: This is Brian Pitkin.

7 I just -- and I'm just trying to ask Bob a
8 question on this issue. When you create a new scenario
9 and actually use that function within the model, as I
10 understand it, it replicates the base, not the GIS 2000
11 piece. And I don't know whether you've dealt with this
12 before. And it doesn't copy over all the IDB files.

13 So, in fact, if you're using that mechanism to
14 create a new scenario, I do think that you need to run the
15 GIS process. Now, that's not saying that you can't run
16 sensitivities the BST 2000 process by changing something
17 within the scenario that's already created, but I don't
18 think you can create a new scenario and run it without
19 starting with the GIS data; and Greg, correct me if I'm
20 wrong.

21 MR. MCKNIGHT: And Brian, did you say the GIS
22 process, you're not talking about the GIS process in the
23 model, but the GIS preprocessing stage; is that right?

24 MR. PITKIN: I'm sorry, I'm talking about
25 relying on the GIS master data.

1 MR. MCKNIGHT: Okay. I'm not sure, Brian. I
2 would have to check with Jim Stegeman and our folks back
3 at the office on that. I don't know that detail.

4 MR. FOGLEMAN: Running the GIS module, would
5 that add any extra time processing? And if so, how much?

6 MR. PITKIN: From my perspective, the GIS module
7 is very quick to run.

8 MR. FOGLEMAN: Okay.

9 MR. PITKIN: And correct me if I'm wrong again,
10 Bob, but my understanding -- from running it that by far
11 the longest portions of the model it takes to run are the
12 network investment and the summary process. So, virtually
13 any scenario change you make, the two most time-consuming
14 parts of the model do they have to be run.

15 MR. MCKNIGHT: Yeah, I would agree with Brian,
16 probably the summary process is half of the total time.

17 MS. OLLILA: Beth, this is Sue Ollila. Was
18 there anything else you wanted to add?

19 MS. KIENTZLE: No, that's it.

20 MS. OLLILA: Sprint.

21 MR. GORDON: This is Dan Gordon with Sprint.

22 MS. OLLILA: Could you spell your last name,
23 please?

24 MR. GORDON: Gordon, G-O-R-D-O-N.

25 MR. OLLILA: Thank you.

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1 MS. CALDWELL: Mr. Gordon, we're having a little
2 difficulty hearing you. It's breaking up a little bit, so
3 please speak sort of slow.

4 MR. GORDON: Okay. It's kind of --

5 MS. CALDWELL: Are you on a speaker phone or --

6 MR. GORDON: Yeah, let me --

7 MS. CALDWELL: Yeah. Why don't you pick up the
8 receiver. That might help.

9 MR. GORDON: Is this better?

10 MS. CALDWELL: Oh, yes.

11 MR. GORDON: Okay. We initially had a little
12 problem with some of the CDs, and those were replaced. We
13 worked through Mr. Yaegman, and he got us some new CDs.

14 We were able to get through one of the scenarios
15 that BellSouth provided, but we haven't gone to as much
16 detailed analysis as the other folks have done, it sounds
17 like. And for some of the other issues, we've been
18 working with Mr. McKnight and Mr. Yaegman, and they've
19 answered our questions.

20 MR. MCKNIGHT: Nothing here.

21 MS. OLLILA: Okay. Are there any other ALECs
22 present, either here or on the phone that have had
23 problems?

24 MR. BUECHELE: Yes, this is Mark Buechele for
25 Supra Telephone. Hello?

1 MS. OLLILA: Yes, go ahead.

2 MR. BUECHELE: Yeah, I mean, we haven't really
3 been able to get anything to run. We're just small here,
4 and we've heard there are other problems. And what we
5 would like is we'd like to make sure that anything that's
6 been sent to everybody has been documented and that
7 everybody gets a copy so that we can, you know, if
8 somebody has other data or somebody has other modules or
9 fixes or something like that, you know, we don't have the
10 contact to be able to take down all this stuff, you know.

11 This is a very difficult thing, and we don't
12 have the same experience that a lot of the other people
13 have there. So we're just trying to follow, and if
14 somebody has something that's working, that's great, we
15 would like to maybe follow-up on that.

16 MR. ROSS: This is Bennett Ross on behalf of
17 BellSouth. And part of the desire of trying to do things
18 informally to assist individual CLECs with their
19 individual problems was to avoid having to do formal
20 discovery and serving all the parties and the like.

21 I mean, certainly to the extent we have to have
22 patches that are common to everybody and let everybody
23 know two particular adjustments they'll have to make to
24 replicate the results, we do intend to provide that to all
25 parties. But, I mean, to the extent Supra has any issues

1 that they would like to discuss with Mr. McKnight, they're
2 more than happy to do that, but I think it kind of defeats
3 the purpose if we have to start documenting for all 25 or
4 30 parties in this every communication that we might have
5 or every question that we might get and might answer from
6 the various CLECs.

7 MR. BUECHELE: Well, the only reason I raised
8 that is because we thought that everybody would be getting
9 something that they could just run from the start and it
10 would be enough documentation there to explain to
11 everybody how to use and to do that.

12 And, you know, some of the others have a lot
13 more resources to devote to this kind of stuff than the
14 smaller people like us. So, and I understand your
15 position and not wanting to have to send out stuff to
16 everybody but, you know, the reality is that unless
17 everybody gets something that can actually work, your
18 small boys are at a severe disadvantage.

19 MS. OLLILA: Hello?

20 SPEAKER: Yeah, I'm calling for the conference
21 call.

22 MS. OLLILA: Okay.

23 MS. CALDWELL: And you are -- this is the
24 Commission conference call on -- Public Service Commission
25 conference call. We're discussing cost models.

1 SPEAKER: Correct.

2 MS. CALDWELL: Okay. And you are?

3 SPEAKER: (inaudible)

4 MS. CALDWELL: Are you with a particular
5 company?

6 SPEAKER: Yeah, with Access One.

7 MS. CALDWELL: Did you have any -- are you just
8 listening or do you have any concerns or questions?

9 SPEAKER: I'm just actually going to listen in.
10 I'm on a cell phone, so I didn't want to interrupt.

11 MS. CALDWELL: Okay.

12 MS. OLLILA: Any other concerns from folks on
13 the phone or in the room?

14 MR. BARTA: Sue, this is Bill Barta. I don't
15 represent an ALEC. I represent the Florida Cable
16 Telecommunications Association, and I just have a couple
17 comments also.

18 You know, Brian Pitkin has certainly taken lead
19 on trying to do the analysis on the model. I received a
20 model, and I successfully loaded it, the first time on two
21 different machines. And it's kind of a mystery to me why
22 I was able to do that, because it sounds like I have the
23 same software. I have Windows 98, just like Greg Darnell,
24 and I didn't encounter his problems; however, I have
25 encountered problems in getting the model to process. On

1 each of the machines it froze up at the network
2 investment, and I'm not really sure why, but on two
3 different machines it did that.

4 And now that I understand that the model takes
5 such a long time to process the scenario, we -- the FCTA
6 doesn't have the resources to dedicate to just looking at
7 the BellSouth model. We're trying to evaluate GTE's model
8 as well as Sprint's model as well the BellSouth cost
9 calculator, which I did have problems getting to load up.

10 So at this point, I think, you know, we have
11 read the documentation associated with our files in
12 support of the loop model and are just going to kind of
13 abandon running it and just direct our comments to some of
14 the assumptions underlying network configuration as well
15 as the input failures.

16 But I just want to state that Brian Pitkin is
17 not the lone ranger out there encountering difficulties
18 with processing the loop model and, in fact, now that it
19 takes so long to run the scenarios, like I said, I think
20 we're just going to abandon that strategy.

21 MS. OLLILA: Okay. Anyone else?

22 MR. ROTHCHILD: Yes. This is Mark Rothchild
23 from Swidler Berlin.

24 Unfortunately, the experts that we've retained
25 on behalf of a few ALECs that we represent were unable to

1 sit in on this. I've spoken with them in-depth, and they
2 had a lot of the same problems that are being voiced here;
3 continuously receiving error messages, inability to
4 replicate the cost model, BellSouth's model, crashes, so
5 on and so forth. And I guess it sounds like if there is a
6 contact person that I can put them in reference to at
7 BellSouth or a couple to walk them through perhaps how to
8 do it, that would be great.

9 I don't know -- and also, how is this -- I
10 guess, and also what's going to occur in the future? Or
11 are we just going to attempt, step by step, to work
12 through all of these issues? Is a new cost model going to
13 be submitted? It's hard for me to hear a lot of what's
14 being said, unfortunately, in the room there, and if
15 someone can let me know how it's going to be remedied.

16 MR. FOGLEMAN: Can you specify the type of error
17 message you're receiving?

18 MR. ROTHCHILD: No, I cannot.

19 MS. CALDWELL: Mr. Rothchild, I think what we'll
20 do is put you in contact with a BellSouth representative
21 or, you know, one of their experts that can get with your
22 experts and walk them through the different scenarios.

23 MR. ROTHCHILD: Okay.

24 MR. ROSS: Mr. Rothchild, this is Bennett Ross
25 on behalf of BellSouth.

1 BellSouth sent out a letter to all parties of
2 record after the first workshop providing everyone with
3 Mr. McKnight's name and phone number to contact if there
4 were technical questions. Did you get a copy of that?

5 MR. ROTHCHILD: No. Unfortunately, I just
6 recently intervened in the proceedings. I probably don't
7 have a copy of that.

8 MR. ROSS: If you would give me a call -- I
9 certainly know Swidler's address, but if you'll just call
10 and give me your full name and the parties you're
11 representing, I'll give you a copy of that.

12 My name is Bennett Ross. It's 404-335-0793.

13 MR. ROTHCHILD: Okay. Thank you.

14 MR. ROSS: Yep.

15 MS. OLLILA: Okay. Anyone else? Any questions?

16 MS. CALDWELL: Diana Caldwell with Staff. I had
17 some questions, and it's more of a general question to all
18 the companies, mostly all the ALECs who are running the
19 models, but my first one is with BellSouth. I mean, how
20 many different models were submitted?

21 MR. MCKNIGHT: I'm not sure if I can answer
22 that, but let me try to run through it.

23 There's the BellSouth loop model, and that's the
24 one we've primarily been talking about here. When you run
25 the loop model, what comes out of the loop model is

1 material, how much material is required to provide a loop,
2 and I think most folks here have seen the cost calculator.

3 The output from the loop model goes into the
4 cost calculator, and that cost calculator includes the
5 shared and common cost where shared and common cost are
6 attributed to different UNEs, that's a shared and common
7 cost that Mr. Darnell was talking about as a part of the
8 cost calculator.

9 There are lots of other models and spreadsheets
10 in our filings, but those are the -- I mean, those are the
11 primary -- thank you, there's also the switching cost
12 studies, there's S-C-I-S-M-O that was filed, SCIS model
13 office, and there's a model that takes output from SCIS to
14 create our unbundled ports and features and that model is
15 called the SST.

16 And I'm sorry, but I don't remember what that
17 stands for.

18 MS. CALDWELL: What I'm trying to get at, let me
19 tell you where I'm trying to go, is that I was wondering
20 have all of these -- have these ALECs had an opportunity
21 to at least run -- any one of the companies run all these
22 models and, more specifically have the ALECs kind of
23 talked with each other? Is each ALEC trying to run each
24 of the models themselves? Are you trying to have some
25 people that are responsible for running models and doing

1 analysis or, I mean, are you divvying it up or is
2 everybody doing their own analysis of each of the models?

3 MR. DARNELL: Well, AT&T and MCI Worldcom have
4 joined together to jointly sponsor witnesses on certain
5 portions, certain models; Brian for the loop model, we
6 have a witness who is looking at the switching, Cathy
7 Pits. I am looking at the shared and common cost
8 applicator for both AT&T and MCI Worldcom.

9 For the nonrecurring cost and the spreadsheets
10 that go along with that, we have someone jointly working
11 on that as well. Then, we also have a GTE portion of the
12 case and a Sprint portion of the case as well, but it's
13 primarily talking about BellSouth right now.

14 We have not gotten together with -- well, I
15 can't say completely have not. We have talked with some
16 of the other parties; of course, Rhythms, Covad, we have
17 spoken with them. They are doing their own analysis on
18 what's important to them. They're primarily interested in
19 the data elements, not so much as the voice elements. So,
20 they are looking at the different portions of the case,
21 and they have their own witnesses.

22 For the other parties, I can't really speak for
23 them. We have not really sat down with anybody else and
24 worked jointly to analyze any of the other models.

25 MS. CALDWELL: To the best of your knowledge, is

1 just the collaboration between AT&T and MCI, are you
2 covering all the models or just the portions that are
3 important to --

4 MR. DARNELL: Well, we are running or are going
5 to run all the models. Now, we say just because you run
6 the model doesn't mean you're going to concentrate on
7 every portion of that model.

8 In the modifications, we may be looking to make
9 or analyzing or sensitivity analysis we're running may not
10 help the other parties in this case to do the type of work
11 that they want to analyze, especially like the data CLECs
12 I'm thinking of.

13 They will probably want to run sensitivity
14 analysis on other portions of different assumptions within
15 the loop model to see what assumptions change that would
16 help them achieve their results that they want to use as
17 probably lower rates for data services.

18 So, parties relying on AT&T and MCI Worldcom to
19 do their work for them, they probably won't have it done,
20 so I can't speak for them. But while we are running the
21 models in entirety, we probably won't be running the
22 sensitivity analysis that other parties want us to do.

23 MS. CALDWELL: Okay, that helps.

24 MR. BARTA: Diane, this is Bill Barta.

25 I guess, we're trying to -- or I'm trying to

1 take a look at all the carriers' filings and trying to, I
2 guess, screen out what I would think would be the biggest
3 drivers, as far as sensitivity.

4 And fundamental to it, and this is my approach,
5 but fundamental is to try to replicate the results, the
6 output of every carrier and then seek to identify those
7 input variables, model platform issues that would be key
8 drivers with respect to the output.

9 And then, what I'd like to do, and I have been
10 unable to do to this point, is put in ridiculous input
11 values, cost of capital of 50% or something like that just
12 to make sure that the model is working and would show some
13 exaggerated results. And I guess, the first step, I
14 haven't been able to replicate BellSouth's output yet.

15 And, of course, I haven't -- the model hasn't
16 performed quite up to my expectations yet. I haven't been
17 able to do the sensitivity analysis, the initial
18 sensitivity analysis, but as far as the FCTA is concerned,
19 we're not trying to ride on the backs of AT&T and MCI's
20 joint effort. We're trying to conduct an independent
21 analysis.

22 MS. CALDWELL: Thank you.

23 MS. KIENTZLE: This is Beth Kientzle.

24 As has been mentioned here, Rhythms -- and
25 actually, we are being joint sponsored by Rhythms, Covad,

1 and BlueStar. We, obviously, have different issues from
2 AT&T and MCI, some of the other ALECs. So, we're doing
3 our own analysis, which would concentrate on the digital
4 loop elements, but we are not going to run the switching
5 models or those other models.

6 MS. OLLILA: This is Sue Ollila. Why don't we
7 take a 10-minute break at this point.

8 MS. CALDWELL: We'll come back at about 11:00.

9 (Recess taken)

10 MS. OLLILA: Why don't we all get started so we
11 can get this wrapped up pretty quick. Thank you.

12 It sounds as if everyone has made their
13 comments. There are a couple things Staff would like to
14 say. We understand the models are complex. To the extent
15 that there have been software patches provided to people,
16 if it's provided to one party and not to the others and no
17 one knows about it, we'd like to ask you what would be the
18 best way to facilitate everybody knowing this; e-mail, web
19 site, chat room type?

20 MR. ROSS: I don't know about the chat room, but
21 I think to the extent that there are common issues, we
22 would propose -- Mr. McKnight didn't know about the
23 patches until this morning, because we tried to get the
24 people who were actually involved in the process working
25 directly with the various ALECs, obviously, sometimes the

1 information doesn't get back to Mr. McKnight, who is
2 trying to coordinate all this, and we need to work on
3 that.

4 But what I believe we would propose to do is
5 that the two things that we know about that are common to
6 everybody trying to replicate the results that everyone
7 else is getting are the patches to the shared and common,
8 whatever they are, and that the two corrections that we
9 know about with respect to filling in one of the items on
10 the input table and checking one of the boxes, we will get
11 out a letter immediately to all the parties, file it with
12 the Commission and say here are the things you need to do
13 and attaching the patches in whatever form they are, and
14 provide them to all the parties.

15 And to the extent that issues like that come up
16 in the future, we will advise all of the parties as
17 promptly as possible that you need to do these things.

18 MR. MELSON: Sue, I like your idea of an e-mail
19 list. Mail from BellSouth in Atlanta takes anywhere from
20 one to eight days to arrive in Tallahassee. And if Staff
21 could work with us in putting together an e-mail list, I
22 know we did that successfully in an earlier phase of this
23 docket where we were dealing with a couple of stipulations
24 it really facilitates things.

25 MR. DARNELL: I have one comment. The software

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1 patches that were e-mailed can be problematic for some
2 people. We had to work out an arrangement where my virus
3 scan -- their EXE files, and virus scanners don't like EXE
4 files. So, we had to hide them inside another file. So,
5 there is a problem sending EXE files to the internet,
6 because of all the virus scanners.

7 MR. FOGLEMAN: Right. But I mean, if we just
8 wanted to at least use e-mail to notify everyone that
9 there's a problem, that would be --

10 MS. OLLILA: And that BellSouth will be
11 providing a response and that way everyone is on alert.
12 And I do have the old e-mail list, but there are more
13 parties that have intervened since that time. So, it's
14 not a complete e-mail list.

15 And what I would ask, all of you who are on my
16 e-mail list should know that you are on it at this point.
17 If there are folks who want to be on my e-mail list,
18 please call me at 850-413-6540 or you can fax me your
19 e-mail address at 850-413-6541, and I will add you to the
20 list.

21 And then, that way when I hear from BellSouth
22 that something is going to be coming out in the next day
23 or so, I can e-mail everybody, let you all know to look
24 for it. Would that work? And my e-mail address, in case
25 you'd rather e-mail me, is SOLLILA@PSC.STATE.FL.US.

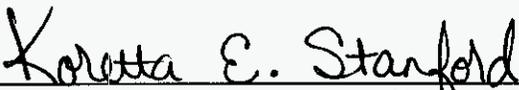
1 STATE OF FLORIDA)
: CERTIFICATE OF REPORTER
2 COUNTY OF LEON)

3 I, KORETTA E. STANFORD, RPR, Official
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Workshop in
6 docket 990649-TP was conducted by the Staff of the
7 Florida Public Service Commission at the time and place
8 herein stated.

9 IT IS FURTHER CERTIFIED that I stenographically
10 reported the said proceedings; that the same has been
11 transcribed by me; and that this transcript, consisting
12 of 60 pages, constitutes a true transcription of my notes
13 of said proceedings.

14 DATED this 8th day of June, 2000.

15 
16 _____
17 KORETTA E. STANFORD RPR
18 Official Commission Reporter
19 FLORIDA PUBLIC SERVICE COMMISSION
20 850) 413-6734

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