

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Investigation into Pricing of)
Unbundled Network Elements)
_____)

Docket No. 990649-TP

SURREBUTTAL TESTIMONY OF

DAVID G. TUCEK

ON BEHALF OF

GTE FLORIDA INCORPORATED

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GTE FLORIDA INCORPORATED
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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David G. Tucek. My business address is 1000 GTE Drive, Wentzville, Missouri.

Q. ARE YOU THE SAME DAVID G. TUCEK WHO PREVIOUSLY FILED DIRECT AND REBUTTAL TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. In my surrebuttal testimony, I respond to BellSouth witness Caldwell's observations about the need to use company-specific data in the cost models to be submitted later in this proceeding. I also address Sprint witness Dickerson's claim that, if the recurring TELRIC studies for UNE's assume a network that does not contain bridged pairs, then it is inconsistent for the nonrecurring cost study and rates to reflect the need to remove bridge taps from the existing network. Finally, I respond to the claims of various parties that both recurring and nonrecurring studies can and should be submitted simultaneously.

1 **Q. MS. CALDWELL TAKES ISSUE WITH SEVERAL WITNESSES'**
2 **IMPLICATIONS THAT IT WOULD BE INAPPROPRIATE TO USE**
3 **COMPANY-SPECIFIC DATA FOR COST MODEL PURPOSES.**
4 **PLEASE COMMENT.**

5 A. First, I would note that no party offered specific rebuttal to the
6 guidelines and requirements for recurring cost studies that I outlined
7 in my Direct Testimony. However, to the extent that parties may
8 believe company-specific models are inappropriate as a general
9 matter, I agree with Ms. Caldwell's conclusion that only a model that
10 considers a company's own network will yield results that are useful
11 in any sense. (Caldwell RT at 4-5, 8-9.) I also note that Mr. Trimble
12 discusses the use of TELRIC models in his Surrebuttal Testimony. If
13 the Commission is to use a forward-looking model to help establish
14 UNE prices, then that model must provide the most accurate
15 estimates of a particular company's long-run costs, based on its own
16 experience and reasonable, verifiable inputs. In other words, GTE's
17 own model (the Integrated Cost Model, or ICM) will produce the most
18 useful results for GTE's operations. This model designs an efficient
19 network using forward-looking technology for loops, switching,
20 interoffice transport, and SS7 signaling, based on GTE's current
21 engineering practices, material and labor costs, equipment prices,
22 operating characteristics, existing wire center locations, and actual
23 customer counts.

24
25 Besides using GTE-specific inputs and engineering practices, GTE's

1 model is integrated. That is, it combines all the components of GTE's
2 network--the loop, switching, transport, and signaling--into one model.
3 This not only makes the model easier to use, but, more important, it
4 also makes the cost studies internally consistent. ICM can be used
5 to support regulatory proceedings dealing with both retail and
6 wholesale telecommunications services. Because a common set of
7 inputs and modeling assumptions are used, the results are consistent
8 across the various network components and uses to which the model
9 is put.

10
11 Because no cost studies have been submitted in this proceeding, the
12 Commission cannot, at this time, pass judgment on any ILEC's
13 implementation of its model principles. But the Commission can and
14 should recognize that efficient design and technology choices will vary
15 among companies, and it should endorse the use of company-specific
16 models as the best way to yield cost results that are useful starting
17 points in the rate design process. In particular, the Commission
18 should allow GTE to submit cost studies based on its own inputs and
19 operating characteristics that conform to the requirements and
20 guidelines I listed in my Direct Testimony.

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22 **Q. MR. DICKERSON STATES THAT IF THE NETWORK ASSUMED BY**
23 **THE RECURRING COST MODEL FOR UNE TELRICS DOES NOT**
24 **INCLUDE BRIDGED CABLE PAIRS, THEN THE NONRECURRING**
25 **COST MODEL AND RATES SHOULD NOT REFLECT THE NEED**

1 **TO REMOVE BRIDGETAP IN THE REAL NETWORK. PLEASE**
2 **COMMENT.**

3 A. Mr. Dickerson makes this claim at page 19 of his rebuttal testimony.
4 Covad witness Murray makes a similar claim at page 11 of her
5 rebuttal testimony with respect to both bridgetap and load coils. Both
6 of these recommendations have confused the model results with
7 reality. Indeed, the very fact that the network assumed by the
8 recurring cost model excludes the costs of removing bridgetap and
9 load coils mandates that the nonrecurring cost study must include
10 them. To do otherwise would place the burden of these costs solely
11 on the incumbent LECs and would give the new entrants an
12 unwarranted competitive advantage. To see that this is so, consider
13 a situation in which an end-user wishes to order an advanced service
14 which requires the removal of load coils from their line. If the end-
15 user orders the service from the incumbent, then the incumbent
16 should obviously bear the cost of removing the load coils. If the end-
17 user decides to order service from a CLEC, then Mr. Dickerson's and
18 Ms. Murray's logic would still require the incumbent to incur the cost
19 of removing the load coils. Such an outcome awards the CLEC a
20 competitive advantage which is unwarranted, and which would
21 encourage uneconomic entry.

22
23 **Q. SEVERAL WITNESSES MAINTAIN THAT THE RECURRING AND**
24 **NONRECURRING COST STUDIES NEED TO BE EXAMINED**
25 **SIMULTANEOUSLY. PLEASE COMMENT.**

1 A. Dr. Ankum offers this position at pages 24-25 of his rebuttal and lists
2 three supporting reasons: (1) NRC charges can form a significant
3 barrier to entry; (2) little evidence exists that current NRC charges are
4 based on efficient operations support systems; and (3) it is important
5 that costs are appropriately assigned to either the recurring or
6 nonrecurring categories. Sprint's Mr. Dickerson takes a similar
7 position at pages 17-20 of his rebuttal. Specifically, he maintains that
8 the Commission should assume the use of efficient industry practices
9 and automated systems for service order processing and installation.
10 Like Dr. Ankum, he maintains that it is necessary both the recurring
11 and nonrecurring costs studies be filed simultaneously. Finally,
12 Covad witness Murray also claims that the Commission need only
13 assume use of an efficient operations support system and that both
14 the recurring and nonrecurring cost studies must be examined at the
15 same time.

16
17 Dr. Ankum's claim that NRC charges can be a significant barrier to
18 entry is unsurprising. However, he has either lost sight of the purpose
19 of this docket--to specify the requirements for the cost studies to be
20 filed in Phase II--or he is suggesting that this Commission evaluate an
21 NRC study on the basis of its probable results and the impact of the
22 resulting rates on CLEC entry. If Dr. Ankum's implicit standard (low
23 NRC charges) is to be adopted, then there is no need to conduct a
24 study at all.

25

1 Similarly, claims that existing NRC rates may not be based on efficient
2 operations support systems, or that the Commission need only
3 assume that efficient operations support systems are utilized, beg the
4 question. Just as Mr. Dickerson has urged the Commission not to
5 accept BellSouth's proposal to base recurring costs on a mix of
6 technologies without first examining the details of the study, it only
7 makes sense to examine OSS issues completely before determining
8 what constitutes efficient industry practices and systems. There are
9 approximately eighteen industry committees and subcommittees
10 involved in setting the industry standards for OSS, and until most of
11 those standards and the related issues are finalized, it is not possible
12 to determine what the cost implications of "efficient industry practices
13 and automated systems" will be. For example, the lack of standards
14 for the data gathering form, which is used to communicate the specific
15 end-user information needed to configure required services, prevents
16 development of a standardized mechanization process. Merely stating
17 that an efficient OSS should be assumed is an empty
18 recommendation.

19
20 Finally, while it is important that costs be correctly classed as either
21 recurring or nonrecurring, it is not necessary to examine recurring and
22 nonrecurring studies simultaneously. It is entirely feasible for this
23 Commission to review the recurring cost studies first, and to
24 determine whether the costs that they reflect properly belong in such
25 a study or whether they belong in a nonrecurring study. Indeed, given

1 the complexity of the recurring cost studies and the expected
2 controversy surrounding both the costing and deaveraging issues,
3 separate consideration of the recurring and nonrecurring studies may
4 be the optimal course of action.

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6 **Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?**

7 **A. Yes, it does.**

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