

Exhibit No. _____
Issue: Cost & Rate Analysis
Witness: David W. Evans
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: GTE Midwest Incorporated
Case No.: TW-97-333

Exhibit No. 22
Date 6/23/97 Case No. TW-97-333
Reporter Kem

GTE MIDWEST INCORPORATED

SURREBUTTAL TESTIMONY OF DAVID W. EVANS

CASE NO. TW-97-333

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is David W. Evans, and my business address is 1000 GTE Dr.,
Wentzville, MO 63385.

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

A. I am employed by GTE Telephone Company as a Staff Administrator - Rate Design.

**Q. PLEASE DESCRIBE YOUR BACKGROUND, QUALIFICATIONS, AND
PROFESSIONAL EXPERIENCE.**

A. I received a Bachelor of Science degree from Webster University in 1989, majoring
in Business Administration. I have worked in the telecommunications industry for
18 years, working in pricing and cost analysis since 1986.

**Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE STATE REGULATORY
COMMISSIONS?**

A. Yes, I have testified before the regulatory commissions in Missouri, Kansas,
Nebraska, and Texas.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I am sponsoring surrebuttal testimony in support of GTE's cost and rate analysis in
the matter of the provision of Community Optional Service (COS) and addressing
portions of the rebuttal testimony of Mr. Robert Schoonmaker and Ms. Gay Smith.

1 Q. ON PAGE 3 OF MR. SCHOONMAKER'S REBUTTAL TESTIMONY, HE
2 COMMENTS ON THE RATE DESIGN PROPOSED BY GTE. DO YOU AGREE
3 WITH HIS ASSESSMENT?

4 A. No. While Mr. Schoonmaker is correct that GTE's rate design includes an increase
5 for rural customers, it is useful to examine the composition of the costs underlying
6 those rates. The proposed rural rate of \$22.15, which is the rate Mr. Schoonmaker
7 refers to, has an underlying cost of \$16.18 (before resale adjustment), which
8 includes GTE's switching cost, and the cost to GTE to terminate the COS traffic in
9 the target exchange(s). Fully 89% of that cost, or \$14.37 is made up of terminating
10 access charges, including the access charges of the small telephones companies.
11 GTE is very concerned about the needs of its customers but has no control over the
12 rates it must pay the other telcos to terminate COS traffic. Mr. Schoonmaker makes
13 no recommendations to reduce these rates to address the concerns of the
14 customers.

15 Q. IN GAY SMITH'S REBUTTAL TESTIMONY, SHE REFERS TO POSSIBLE
16 MISUSE OF COS WITH REGARD TO CONCENTRATION OF INTERNET
17 TRAFFIC ALONG THE RETURN ROUTE FROM TARGET EXCHANGES BACK
18 TO THE PETITIONING EXCHANGE. DOES GTE HAVE SIMILAR CONCERNS?

19 A. Yes. GTE has not fully analyzed the data available, but has drawn some
20 preliminary conclusions.

21 Along at least one return route studied, the traffic volume terminating to a single
22 number subscribed to by a small telephone company providing Internet service was

1 larger than is possible for termination to a single line. That is, the traffic volume of
2 107,385 minutes per month (average monthly over 3 months) is far above the
3 43,200 minutes which exist in a 30 day period per line. The traffic terminating to
4 this single number also represents over 95% of the total return traffic along this
5 route.

6 **Q. GTE STATES IN SURREBUTTAL TESTIMONY THAT IT NOW SUPPORTS ONE-**
7 **WAY ONLY COS INSTEAD OF ONE-WAY RECIPROCAL, UNTIL INTRALATA**
8 **DIALING PARITY IS IMPLEMENTED. DOES THIS HAVE AN EFFECT ON THE**
9 **RATES GTE HAS PROPOSED?**

10 **A.** No. The proposed rates were designed for the one-way portion of the plan.

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 **A.** Yes it does.

STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

IN THE MATTER OF AN)
INVESTIGATION INTO THE)
PROVISION OF COMMUNITY)
OPTIONAL CALLING SERVICE)
IN MISSOURI.)

CASE NO. TW-97-333

FILED

JUN 9 1997

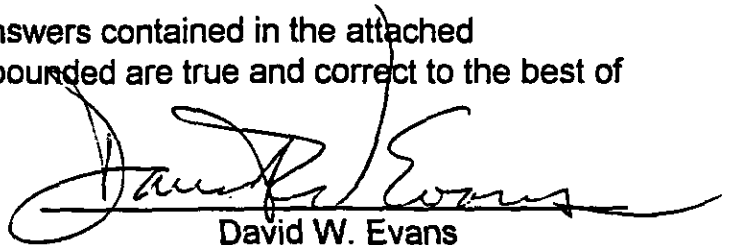
MISSOURI
PUBLIC SERVICE COMMISSION

AFFIDAVIT OF DAVID W. EVANS

STATE OF MISSOURI)
) ss
COUNTY OF ST. CHARLES)

David W. Evans of lawful age, being duly sworn, deposes and states:

1. My name is David W. Evans. I am Staff Administrator - Rate Design for GTE Telephone Operations.
2. Attached hereto and made part hereof for all purposes is my surrebuttal testimony.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge and belief.


David W. Evans

Subscribed and sworn to before me this
5th day of June, 1997.


Notary Public

My Commission Expires: 11-3-97

