

Exhibit No. \_\_\_\_\_

Issue: Policy

Witness: Mary L. Kahnert

Type of Exhibit: Surrebuttal Testimony

Sponsoring Party: GTE Midwest Incorporated

Case No.: TW-97-333

Exhibit No. 19

Date 6/23/97 Case No. TW-97-333

Reporter Kem

**GTE MIDWEST INCORPORATED**  
**SURREBUTTAL TESTIMONY OF MARY L. KAHNERT**  
**CASE NO. TW-97-333**

**Q. Please state your name and business address.**

**A.** My name is Mary L. Kahnert. My business address is 1000 GTE Drive, Wentzville, Missouri 63385.

**Q. Are you the same Mary L. Kahnert who filed direct and rebuttal testimony in this proceeding?**

**A.** Yes.

**Q. What is the purpose of your surrebuttal testimony?**

**A.** I will respond to the rebuttal testimony of the parties, including the overall position of the Small Telephone Company Group (STCG), the proposed access compensation mechanism, and the possible designation of COS as an essential local telecommunications service.

**Q. In your direct testimony, you responded to the straw COS proposal by supporting one-way reciprocal COS rather than an 800 number based service for return COS calling. Is this still your position?**

**A.** If choosing only between those two alternatives, as requested in the Order Establishing Docket, that is still my position. Witnesses for Staff, Sprint, SWBT and AT&T all support the conversion of two-way COS to a one-way only service. Staff further recommends (Smith rebuttal, p. 9, ln. 15--25) that the Commission consider eliminating COS in its entirety. Sprint recommends (Harper rebuttal, p. 4, ln. 1--8) that two-way COS be replaced by one-way COS prior to implementation of intraLATA dialing parity and then eliminated. GTE agrees with

1 this approach, with the modification that one-way COS may be offered after dialing  
2 parity is implemented at the option of the serving LEC. GTE supports this  
3 recommendation over either alternative in the straw proposal.

4 **Q. STCG witness Bob Schoonmaker states, with regard to his overall**  
5 **recommendation on COS (Schoonmaker rebuttal, p. 10, ln 4--5), that**  
6 **customers would be most satisfied if COS was not altered at all. Is this**  
7 **realistic?**

8 **A.** No. Mr. Schoonmaker's response ignores the reality of the marketplace and the  
9 purpose of this docket. When intraLATA dialing parity is implemented, as it will  
10 be in numerous exchanges in the near future, customers will not be satisfied to  
11 learn that certain return COS calling is no longer toll free. Customers will be  
12 better served by a solution that works with competition rather than any attempt to  
13 prevent competition.

14 **Q. Do you agree with Mr. Schoonmaker that the 800/888 proposal should be**  
15 **implemented?**

16 **A.** No, for all the reasons stated in my direct testimony. In addition, I believe the  
17 800/888 solution would be subject to the same misuse as existing two-way return  
18 calling, as discussed in detail by SWBT (Taylor rebuttal, p. 5, ln. 8 through p. 10,  
19 ln. 17) and Staff (Smith rebuttal, p. 6, ln. 3 through p. 9, ln 6). GTE has just begun  
20 to investigate similar possible misuse of existing COS, as discussed by GTE  
21 witness Dave Evans. Given the potential for misuse of any flat rate return calling  
22 plan, GTE urges the Commission not to mandate any such two-way flat rate  
23 service.

24 **Q. Do you agree that any change to COS should be implemented as a toll**  
25 **service by the PTCs, as requested by Mr. Schoonmaker?**

1     **A.**     Only as an interim step, until the Commission can make a determination in Case  
2             No. TO-97-220 about the future of the PTC Plan. GTE believes responsibility for  
3             this service should be transitioned to the serving LEC or eliminated no later than  
4             when intraLATA dialing parity is implemented.

5     **Q.**     **Do you agree that the Commission should hold public hearings?**

6     **A.**     No. Given the market-driven options available to customers today and in the near  
7             future, and the potential for misuse of two-way COS, I believe customers should  
8             be allowed to vote with their pocketbook for the services and providers of their  
9             choice. Attempting to relive prior EAS or COS hearings will serve no useful  
10            purpose.

11            I note that while professing concern of the companies represented by Mr.  
12            Schoonmaker and Mr. Jones about the importance of two-way COS to their  
13            customers, they fall short of offering any solution that includes providing the  
14            service themselves, either as a local or toll service. That they both suggested  
15            several possible technical solutions only for the PTCs to continue the service, I  
16            believe speaks volumes about the existing compensation arrangement and  
17            compensation rate levels.

18     **Q.**     **Then why does GTE agree with the straw proposal to retain the current**  
19             **compensation mechanism?**

20     **A.**     There are several reasons. Mr. Taylor is correct (rebuttal p. 14, ln. 1--9) that,  
21             since GTE has only five secondary exchanges for which it is the PTC, GTE's  
22             impact from SC traffic is relatively small. At the same time, GTE is hopeful that the  
23             Commission will eliminate the requirement for GTE and the other PTCs to provide  
24             service in another LEC's exchange when it considers modification or elimination  
25             of the PTC plan in Case No. TO-97-220. Also, GTE's negotiations with

1 competitive LECs include the termination of all optional interexchange calling at  
2 full switched access rates. It would be discriminatory to agree to a lesser rate or  
3 different rate application with incumbent LECs. Finally, to carve out a certain  
4 portion of interexchange calling for a non-standard application of switched access  
5 rates requires special handling and sets up a settlement arrangement that is high-  
6 maintenance and subject to error.

7 **Q. Do you agree with OPC (Meisenheimer rebuttal p. 9, ln 20--21) that COS**  
8 **should be identified as an "essential local telecommunications service"?**

9 **A.** No. COS is clearly a discretionary service, which is inconsistent by definition with  
10 an essential service. GTE's overall customer take rate for COS is just less than  
11 12% in exchanges where it is available. Mr. Schoonmaker testified (direct p. 11,  
12 ln 2 through p. 12, ln. 5) that the overall take rate statewide is just over 12% in  
13 exchanges where it is available. To consider a service with less than 18,000  
14 subscribers statewide as essential, and therefore eligible for support from the  
15 Missouri universal service fund, seems contrary to the underlying definition and  
16 purpose of universal service. Although the Commission has authority to define  
17 essential local telecommunications services, COS does not seem to be anywhere  
18 close to an "essential" (i.e., indispensable) service.

19 **Q. Please summarize GTE's position on the issues in this docket.**

20 **A.** GTE supports the position taken by Staff and Sprint, that two-way COS be  
21 replaced by one-way COS prior to implementation of intraLATA dialing parity and  
22 then changed to an optional service offering. When intraLATA dialing parity is  
23 implemented, the option and responsibility to provide COS should be transitioned  
24 to the serving LEC, if different from the PTC. GTE supports the retention of the  
25 current compensation mechanism.

1 Q. Does this conclude your surrebuttal testimony?

2 A. Yes.

**STATE OF MISSOURI  
PUBLIC SERVICE COMMISSION**

IN THE MATTER OF AN )  
INVESTIGATION INTO THE )  
PROVISION OF COMMUNITY ) CASE NO. TW-97-333  
OPTIONAL CALLING SERVICE )  
IN MISSOURI. )

**AFFIDAVIT OF MARY L. KAHNERT**

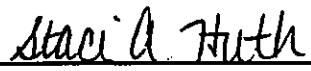
STATE OF MISSOURI )  
 ) ss  
COUNTY OF ST. CHARLES )

Mary L. Kahnert of lawful age, being duly sworn, deposes and states:

1. My name is Mary L. Kahnert. I am State Manager--Industry Affairs 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.

  
\_\_\_\_\_  
Mary L. Kahnert

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

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 11-3-97

**STACI A. HUTH**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
St. Charles County  
My Commission Expires Nov. 3, 1997