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MC GINNIS & ASSOCIATES, INC.
COLUMBUS, OHIO (614) 431-1344

1 BEFORE THE PUBLIC UTILITIES COMMISSION
2 STATE OF OHIO

3 - - -
4 In the Matter of the Joint)
5 Application of Bell Atlantic)
6 Corporation and GTE) Case No. 98-1398-TP-AMT
7 Corporation for Consent and)
8 Approval of a Change in)
9 Control.)
10 - - -

11 Hearing Room 11-D
12 Borden Building
13 180 East Broad Street
14 Columbus, Ohio 43215
15 Friday, October 1, 1999

16 Met, pursuant to assignment, at 9:30 o'clock a.m.

17 BEFORE:
18 Jay Agranoff, Attorney-Examiner.
19 - - -

20 VOLUME XI
21 - - -

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1 P R O C E E D I N G S

2 - - -

3 Friday, October 1, 1999

4 Morning Session

5 - - -

6 THE EXAMINER: Why don't we go back on the record.

7 At this point in time, Mr. Lodge, have you completed
8 your redirect?

9 MR. LODGE: We have, your Honor. Thank you.

10 THE EXAMINER: Why don't we then proceed with the
11 recross using the order that we had done the cross-examination
12 in.

13 Mr. O'Brien.

14 MR. O'BRIEN: I have no cross.

15 THE EXAMINER: Mr. Trabaris?

16 - - -

17 RE CROSS-EXAMINATION

18 BY MR. TRABARIS:

19 Q. Good morning, Mr. Griswold. I have a few recross
20 questions.

21 A. Good morning.

22 Q. It's relating to the redirect questions about picking
23 and choosing Ohio commitments versus FCC commitments. Do you
24 recall those redirect questions?

25 A. Generally. If you want to direct me to them, I've got

1 the transcript.

2 Q. Sure. It's around Page 207, but it starts earlier,
3 ends later.

4 A. Okay.

5 Q. You were asked some questions about, you know, what
6 commitments would apply in the instance where there's differing
7 commitments that are ordered by the Ohio Commission versus those
8 commitments that are ordered by the FCC.

9 I just want to clarify your answers. If the FCC
10 requires, let's say, take an example, GTE to offer unbundled
11 local switching, just -- or, offer local switching as a UNE as
12 part of this merger, but Cincinnati Bell or Ameritech are not
13 required to offer that, will that relieve GTE of its 18-month
14 commitment to enter Cincinnati and Cleveland?

15 A. I think -- I don't -- I can't categorically say that
16 it would relieve us or not relieve us. I think that, based on
17 how I testified, what we talked about is we wanted -- and we can
18 go back to the specific testimony -- but I think -- I think I
19 talked about -- let me just go directly to it because there was
20 a key word in there that I talked about yesterday.

21 I think the key word I had on Page 15 of my testimony,
22 Mr. Trabaris, was in Line 18, and I stated that our -- our
23 terminology there was not exact, the terminology there is
24 reasonably comparable. And I guess we could probably come up
25 with a lot of different examples.

1 My response would be that we would look -- first of
2 all, as I have stated over and over, our desire is to go there,
3 so we're going to look for ways to go and not ways not to go.
4 We're going to look at anything and determine if it's reasonably
5 comparable.

6 If the scenario you described after our evaluation we
7 felt it was still reasonably comparable, we would do it, but I
8 would not want to sit here and waive any right under what we had
9 that we made as a commitment here to say that we would or would
10 not do it.

11 Q. I know I'm asking you a hypothetical. I guess I'm
12 trying to figure out what you mean based on your -- your answers
13 on redirect yesterday.

14 I could give you -- Do you want me to give you -- I
15 could give you a hypothetical. Let's say --

16 A. I had two hypotheticals I used in my testimony.

17 Q. Right. I'm trying to figure out, though, the totality
18 of the pick and choose requirement relating to your commitment
19 to off- -- to go into Cincinnati and Cleveland only if you can
20 get, as a NEC in Cincinnati and Cleveland, what you're required
21 to provide as an incumbent LEC in your serving territory in
22 Ohio.

23 Let's go to an example. Let's say GTE is required by
24 the FCC to offer local switching as an unbundled network element
25 for all customers, and that would be GTE as an ILEC. And that

1 is an FCC requirement.

2 Let's say, however, that Ameritech and Cincinnati Bell
3 are only required to offer local switching as an unbundled
4 network element for small business customers, carriers servicing
5 small business customers. However, the Ohio Commission
6 require -- does not require the offering of local switching as
7 an unbundled network element at all.

8 Will you still enter Cleveland and Cincinnati under
9 this scenario in that it's comparable -- Strike that.

10 Will you still fulfill your commitment and enter
11 Cleveland and Cincinnati under this scenario?

12 A. I can't answer that categorically because I think we
13 would have to sit down and -- and review the requirements of
14 what you describe, look at our business plan, understand what --
15 if -- if in -- the example you used was if it was just unbundled
16 for business customers --

17 Q. Small business, actually.

18 A. I beg your pardon, small customers.

19 You have to sit down and look at your business plan
20 and say, well, what impact does small business customers and
21 that unbundled network element have on the plan in its entirety?
22 You know, is it a big deal, is it not a big deal, and how does
23 it impact the business decision? How does it impact the
24 commitment? And more so, how does it impact our desire to want
25 to go in and do that?

1 And I would -- I would hope that we're going to always
2 look for opportunities to move forward. I'm -- But I can't tell
3 you today, using that specific example, that we would do this
4 and not do this. I think we would have to evaluate it under the
5 terms of what we testified to.

6 Q. But I guess it goes back to the general testimony
7 that -- that GTE North would be required to offer greater UNEs
8 to NECs than Cincinnati Bell and Ameritech, and would that
9 affect the fulfillment of your commitment within 18 months?

10 A. I don't know that it --

11 Q. You don't know?

12 A. I don't know that it would. I would hope it wouldn't
13 affect it, but I wouldn't want to waive the right to review that
14 under the terms comparable -- or, reasonably comparable.

15 Q. Okay. Going back to the transcript from yesterday.

16 A. Yes.

17 Q. On Page 207, Lines 18 and 19, in a response to a
18 redirect question, you discuss "...the Commission in Ohio to
19 choose which one of those they wanted to utilize". Do you see
20 where it is in the transcript?

21 A. Is it Line 18?

22 Q. Yeah.

23 A. Yes.

24 Q. Would this mean that the NECs cannot choose which one
25 of these commitments to utilize and that they would have to go

1 to the Ohio Commission to seek an order requiring this pick and
2 choose?

3 A. No, I don't believe so. I am -- It was late in the
4 day. I'm not -- I'm not an attorney and I'm not a regulatory
5 expert. I think when I made that statement about the Commission
6 in Ohio is referring to the -- to the proceedings that we're in
7 and the Commission has to approve the merger along with the
8 amended application. But once that is approved, the parties
9 that are subject to -- to -- that we deal with as a result of
10 the Commission order, it would be my understanding that the
11 parties would be able to make that decision. I don't think we'd
12 have to say you've got to go back to the Commission and ask for
13 permission to make that decision.

14 Q. Okay. So the NECs could make that choice?

15 A. Yes.

16 MR. TRABARIS: No further recross. Thank you, sir.

17 THE WITNESS: Okay.

18 THE EXAMINER: Mr. Stewart.

19 MR. STEWART: No questions, your Honor. Thank you.

20 THE EXAMINER: Mr. Serio?

21 MR. SERIO: Thank you, your Honor.

22

23 RECCROSS-EXAMINATION

24 BY MR. SERIO:

25 Q. Good morning, Mr. Griswold.

1 A. Good morning, Mr. Serio.

2 Q. Have you give any thought to specifically what detail
3 will be involved in this being able to pick and choose between
4 what the PUCO and the FCC might do? For example, the FCC orders
5 a 15 percent discount for 30,000 customers, PUCO orders a 20
6 percent discount that's unlimited; would the level of picking
7 and choosing go to splitting the number of customers from the
8 percentage, or would it be encompassing both of them?

9 A. I'm not sure I can -- I'm not sure I'm -- I can answer
10 that categorically, the example that you just gave me.

11 I mean, as I -- as I said yesterday, where there was
12 clear interlap -- interlapping -- or, overlapping, rather, the
13 Ohio order would be the base. And if the FCC order exceeded,
14 as -- as in terms of what may be attractive, what one would
15 consider attractive, then the FCC order could be utilized. If
16 the FCC order was somehow less attractive, then the -- then the
17 Ohio base could be utilized, as well.

18 But as you -- as you begin dissecting customer
19 segments, I haven't been -- I haven't been involved in enough
20 discussion to know that I can tell you yes or no how that would
21 be answered.

22 Q. In a situation like that where there was uncertainty,
23 how would that be resolved between a NEC, for instance, saying,
24 "I want the greater percentage for the greater number of
25 customers" versus potentially the company saying, "Well, you

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1 can't split it that far". How -- How would we resolve that?

2 A. Well, I --

3 Q. Have you given any thought to that?

4 A. I haven't given any thought to it because it's the
5 first time I have been asked the question.

6 My -- I guess my -- my initial response with 30
7 seconds of thought would be that if there was somehow a
8 significant disagreement over the interpretation, that the
9 Commission has the authority to -- to open it as an issue and
10 to -- to ultimately decide whether we're abiding by what we
11 committed to or whether we're not abiding by what we committed
12 to.

13 Q. Okay. I think also yesterday, in redirect, you
14 indicated that it was your belief that Ms. Bellamy and
15 Mr. Jacobi in their testimony also supported the amended
16 application. It's at Page 209, Lines 17 through 20 of
17 yesterday's transcript.

18 A. I believe -- Yes, I do recall that.

19 Q. In your opinion, is the amended application
20 significantly different than the original application?

21 A. I think the -- I think the -- in general, the amended
22 application entails more commitments, as we discussed yesterday.

23 I would tell you the initial application we had, you
24 know, we talked at length yesterday about concern over
25 diminution of quality, service, commitment to the state, the

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1 presence in the state. And, you know, I -- I think that we felt
2 like in our initial application, that the testimony that we had
3 filed would have been sufficient to ease those concerns.

4 And apparently as we heard through cross and the
5 other -- and staff -- the staff's reply to the -- to the
6 application, there was still concern that we felt the need to
7 amplify those in the form of commitments. But I don't think
8 that -- So in that regard, I think the intention of
9 Ms. Bellamy's testimony, Mr. Holland's testimony, and I might
10 add I -- I failed to point out yesterday, I would include
11 Mr. Sievers' testimony in that, as well, all supported what you
12 just asked.

13 Q. Okay. The amended application is different from the
14 original application in that the amended application has
15 considerably more commitments in it than the original one had;
16 is that correct?

17 A. Uh-huh.

18 Q. And the testimony that Ms. Bellamy, Mr. Jacobi,
19 Mr. Sievers gave was in support of the original application,
20 correct?

21 A. Uh-huh.

22 Q. So you're saying now that their testimony can also be
23 used to support the amended application that has additional
24 commitments that were not on the record when they submitted
25 their testimony; is that right?

1 A. I think their -- their testimony is part of the
2 record.

3 Q. Their testimony predated the amended application.
4 A. I agree.

5 Q. I guess my question is: How can testimony that
6 occurred prior to the filing of the amended application support
7 something that was not part of the record when they gave the
8 testimony?

9 MR. LODGE: Objection, your Honor. The scope of the
10 redirect examination was simply to try to be inclusive of the
11 witnesses that have been offered here. Mr. Griswold is not and
12 has disclaimed any legal expertise, and this line of questioning
13 is getting into things which we will be happy to argue on brief.

14 THE EXAMINER: If the witness has any specific
15 knowledge of being able to correlate the prior testimony of GTE
16 and Bell Atlantic witnesses to the amended application, you
17 certainly can. If you don't know a specific way to do such
18 correlation, you may simply reflect that.

19 THE WITNESS: The only -- The only way that I would
20 reflect correlation is that our attempt in the whole proceeding,
21 with both the initial application and the amended application,
22 was to demonstrate that the merger was -- that this was a good
23 merger, and that we felt like it served the -- the needs of
24 customers in Ohio, and also that we felt like that it would in
25 no way diminish the quality of service we were providing

1 customers in Ohio. The commitments in the amended application
2 were more specific to that regard.

3 My comment was the fact that I -- I believe all three
4 of those people testified in their original testimony. We
5 intended their testimony to also support that endeavor.

6 MR. SERIO: That's all I have, your Honor. Thank you.
7 Thank you, Mr. Griswold.

8 THE EXAMINER: Ms. Bair.

9 MS. BAIR: This isn't about redirect, but I wondered
10 if you had a chance to check on -- remember we talked about
11 the -- not the December -- if that was just what you were going
12 to take for your comparison, was just that month.

13 THE WITNESS: Yeah, and we -- I don't believe we did,
14 check on that, did we? I did not check on that and -- but I --
15 we will ---will commit back to your Mr. Kennedy to provide that
16 information.

17 MS. BAIR: Okay. Thank you.

18 THE EXAMINER: Are there any other outstanding
19 requests, to your knowledge?

20 MR. LODGE: Other than the organizational chart, your
21 Honor, I don't have anything in my notes.

22 - - -

23 EXAMINATION

24 BY THE EXAMINER:

25 Q. Mr. Griswold, I just want to make sure that I am clear

1 with respect to the interplay between the potential FCC order
2 and the Commission's order. I know you've indicated that the
3 Ohio order would be the floor.

4 A. Yes.

5 Q. Are you also indicating that you would not permit a
6 pick and choose on an issue-by-issue basis between the FCC and
7 the Commission order?

8 A. Could you describe what you mean, an issue-by-issue
9 basis?

10 Q. Sure. Where you would take one component of the FCC
11 order on a particular issue and potentially select the
12 Commission order with respect to another issue.

13 A. I believe that our intent here is that -- that the
14 parties would have the ability to choose specifics of the FCC
15 order and the Ohio order as long as those two didn't overlap.

16 And what I mean by that is the example we talked
17 about, the discount. If the discount were 20 percent in the
18 Ohio order and it were 25 percent in the FCC order, then they
19 could pick the discount, but they could pick other elements of
20 the Ohio order that -- that were not related to the discount
21 rate.

22 Q. Okay.

23 A. Okay.

24 Q. So you would, in that case, allow interplay between
25 the FCC and the Commission order?

1 A. Yes. Well, maybe I'm not defining "interplay" right.

2 As long as -- As long as it's not for the same issue.

3 You have to choose -- If it's the same -- If it's the same issue

4 or --

5 Q. Related?

6 A. -- related to that issue, you have to -- you have to
7 choose one or the other, one of the two. But the Ohio amount
8 would be the floor.

9 Let me make one -- one other clarification on that,
10 too. I'm testifying in regards to my testimony, I believe that
11 Mr. Holland testified to OSS. And just as a matter of
12 clarification, I'm not suggesting if the Commission -- and I
13 think Mr. Holland testified to this -- if the FCC ordered a
14 different proceeding under OSS, then we would adopt the FCC
15 proceeding on OSS; but the penalties or the -- the remedies that
16 were in the Ohio order for OSS would still apply to the -- to
17 the FCC order. And I think that was part of Mr. Holland's
18 testimony.

19 Q. And this is just a clarification question. OCC
20 Exhibit 31, I don't know whether you might have that.

21 A. I have my catalog.

22 Okay.

23 Q. That particular exhibit deals with outside plant
24 maintenance and rehabilitation, and there are monetary
25 breakdowns for both capital and expense on an annual basis

1 beginning in '93, continuing on through '97.

2 Just so that the record is clear, can you define what
3 is intended by the utilization of the terms "capital" and
4 "expense" on that particular exhibit?

5 A. No. This was an exhibit that -- that there seemed to
6 be some discrepancy, and there seemed to be some confusion about
7 what -- what that meant, whether it was in regards to total
8 outside plant maintenance versus a discussion earlier about a
9 preventive maintenance program. And I have not done research on
10 the -- on the specifics of these two interrogatories to be able
11 to tell you what each of those necessarily mean.

12 I can speak probably more to the specifics of -- of
13 the Interrogatory 203 because that's specific outside plant
14 maintenance program that we talked about yesterday and that
15 we -- that Mr. Serio showed the five components that we had in
16 that program. So I'm comfortable that reflects the outside
17 preventative maintenance program in 203; but I don't know about
18 the specifics and I don't know about the scope of the
19 Interrogatory No. 115.

20 Q. What about just in terms of a generic basis as to what
21 potentially would be included under the capital classification
22 versus the expense classification?

23 A. Just in a generic?

24 Q. Yes.

25 A. Oh, gosh. Well, I'm not a lawyer and I'm not an

1 accountant either. But typically you categorize based on how
2 the cost elements are determined, investment verses near-term
3 expense, and there's accounting differentiations for those. And
4 any part of a project that we're working on like that has got a
5 certain amount of the element based on the general accounting
6 instructions that all companies follow that direct us to
7 capitalize that cost, and other portions of the general
8 accounting instructions require us to -- to expense that portion
9 as well.

10 So it would reflect whatever GAO requirements tell us
11 to do regarding the capitalization and the expense of the
12 different costs that we have.

13 THE EXAMINER: Based on my limited questions, do
14 counsel for any of the parties have anything else?

15 MR. LODGE: Nothing further, your Honor.

16 THE EXAMINER: Thank you very much.

17 THE WITNESS: Thank you.

18 (Witness excused.)

19 MR. LODGE: Your Honor, we renew our -- or, perhaps
20 initially make our motion to admit Joint Applicants' Exhibit 21.

21 THE EXAMINER: Any objections?

22 MR. SERIO: Your Honor, regarding Joint Exhibit -- did
23 you say 18 also?

24 MR. LODGE: I didn't get to 18 yet.

25 MR. SERIO: Okay. Sorry. I thought he said 18.

1 MR. LODGE: Twenty-one was Mr. Griswold's supplemental
2 testimony.

3 MR. SERIO: No objection.

4 THE EXAMINER: There being no objections,
5 Mr. Griswold's testimony shall be admitted as part of the record
6 at this time.

7 - - -

8 Thereupon, Joint Applicants' Exhibit No. 21
9 was received into evidence.

10 - - -

11 MR. LODGE: As respects Exhibit 18, your Honor, I
12 believe the record's clear as to the manner in which that was
13 prepared and the extent to which the witnesses responded to it,
14 and I'll leave it up to you as to whether you'd like it offered
15 as an exhibit or not. Again, it was prepared at your request.

16 THE EXAMINER: Mr. Serio.

17 MR. SERIO: Regarding Joint Exhibit 18, your Honor, we
18 don't have any problem with the company preparing it and it
19 being the tool that the parties can use; but as far as it being
20 an exhibit that's actually entered into evidence, our objection
21 would go to the point that counsel prepared it, counsel didn't
22 take the stand, and we don't want to have to rely on a document
23 that someone else prepared and there wasn't a witness to
24 actually support it and be able to respond to any specific
25 questions about it.

1 So as a -- as a reference tool, we think it's
2 acceptable; but as an exhibit in evidence in the record, we
3 would object to that.

4 THE EXAMINER: Okay. Then I will simply take notice
5 of it and use it as a reference tool, but it will not be
6 admitted as part of the record.

7 MR. LODGE: That's just fine with us, your Honor.

8 MR. SERIO: Your Honor, I would move admission -- I
9 can do these individually, or would you prefer I do them
10 en mass?

11 THE EXAMINER: Well, why don't we just kind of go one
12 by one.

13 Well, why don't we ask the general question: Are
14 there specific ones that are problematic?

15 MR. LODGE: As respects the -- And I don't -- As
16 respects the discovery that we provided, either to the OCC or to
17 the staff, we have no objection. And I believe virtually all of
18 the exhibits that Mr. Serio is about to offer fall within that.
19 classification.

20 MR. SERIO: I think the only exception is there is a
21 CoreComm response in there also, but that's already included as
22 part of CoreComm Exhibit 5.

23 MR. LODGE: Okay. And I didn't mean to exclude
24 CoreComm.

25 THE EXAMINER: Well, why don't you move en mass.

1 MR. SERIO: I would move for admission of OCC Exhibit
2 No. 13 through OCC Exhibit No. 44 into the record.

3 THE EXAMINER: Was there 44 or 43?

4 MR. SERIO: You're correct, your Honor, 43.
5 Forty-four we ended up pulling and we got a number providing the
6 information that was requested. So 43, the last one, would have
7 been the Response to OCC Interrogatory 273.

8 THE EXAMINER: Any objection?

9 MR. LODGE: None.

10 THE EXAMINER: Being none, the aforementioned OCC
11 exhibits shall be admitted as part of the record at this time.
12

13 Thereupon, OCC Exhibit Nos. 13 through 43
14 were received into evidence.
15

16 MR. O'BRIEN: Your Honor, at this time I'd like to
17 move CoreComm Exhibit No. 8 into the record, which is the FCC --
18 or, the press release of its impending UNE order.

19 THE EXAMINER: Any objections?

20 MR. LODGE: May I see it, please? I lost track of
21 that one. I apologize.

22 We do object to this, your Honor. I frankly don't
23 recall whether anybody sponsored it, but in any case, it
24 reflects an F- -- a summary of an FCC order which will be law
25 sometime before we brief this case and can be cited as such.

1 THE EXAMINER: Mr. O'Brien.

2 MR. O'BRIEN: Your Honor, my concern with that is
3 while we're all hoping that that's the case, it's not. This is
4 a reasonably self-authenticating document and questions were
5 asked of Mr. Griswold based on this document, and so for
6 completeness of the record, we would request that it be
7 admitted.

8 MR. TRABARIS: I would also note for the record that
9 GTE/Bell Atlantic have sponsored various filings they've made at
10 the Federal Communications Commission of their merger and that;
11 at the very least, administrative notice could be paid to this
12 document if not actual substantive evidence.

13 MR. LODGE: I have no objection to administrative
14 notice of it.

15 THE EXAMINER: Mr. O'Brien?

16 MR. O'BRIEN: If the Bench would take administrative
17 notice, then we would withdraw our motion to have it admitted as
18 evidence.

19 Your Honor, there is one other evidentiary matter I'd
20 like to raise at this time, if I may.

21 THE EXAMINER: Well, first let me just say for the
22 record, the Commission will take administrative notice of
23 CoreComm Exhibit 8 -- or CoreComm Exhibit 6, is that what it is?

24 MR. O'BRIEN: Eight, your Honor.

25 THE EXAMINER: CoreComm Exhibit 8.

1 MR. O'BRIEN: May I approach?

2 THE EXAMINER: Yes.

3 MR. O'BRIEN: Your Honor, I would request that this
4 document be marked as CoreComm Exhibit No. 9.

5 THE EXAMINER: It shall be so marked.

6

- - -

7 Thereupon, CoreComm Exhibit No. 9 was
8 marked for purposes of identification.

9

- - -

10 MR. O'BRIEN: Your Honor, Mr. Branfman asked both the
11 witnesses on the 28th and also Mr. Griswold a series of
12 questions based on CoreComm Exhibit No. 5, which was the
13 responses of GTE Corporation and Bell Atlantic Corporation to
14 CoreComm, Inc. Interrogatories, Second Set. What I have had
15 marked as CoreComm Exhibit 9 is a supplemental response to that
16 set of interrogatory responses. And for just clarity of the
17 record, we would move these supplemental responses into the
18 record.

19 THE EXAMINER: You're indicating that these are in
20 direct correlation to the responses previously provided in
21 CoreComm Exhibit 5?

22 MR. O'BRIEN: Correct.

23 THE EXAMINER: Mr. Lodge?

24 MR. LODGE: No objection.

25 THE EXAMINER: Okay. There being none, CoreComm

1 Exhibit No. 9 shall be admitted as part of the record at this
2 time.

3

- - -

4 Thereupon, CoreComm Exhibit No. 9 was
5 received into evidence.

6

- - -

7 MR. O'BRIEN: Your Honor, do your notes reflect that
8 CoreComm's previous Exhibit 5, 6 and 7 have been moved into the
9 record?

10 MR. LODGE: Five and 7.

11 THE EXAMINER: Well, 5 was, 6 was denied, and 7 was.

12 MR. O'BRIEN: Okay. Thank you.

13 THE EXAMINER: Anything else?

14 (No response.)

15 THE EXAMINER: Okay. There being none, we get to make
16 the big decision. Mr. Stewart or Mr. Trabaris?

17 MR. TRABARIS: My understanding is you were supposed
18 to go first.

19 MR. STEWART: Yeah. I believe we have agreed that
20 Dave Stahly will take the stand next.

21 THE EXAMINER: Please raise your right hand.

22 (Witness placed under oath.)

23 THE EXAMINER: Please be seated.

24

- - -

25

1 DAVID STAHLY
2 of lawful age, being first duly placed under oath, as prescribed
3 by law, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. STEWART:

6 Q. Please state your name and business address.

7 A. My name is David Stahly. My business address is 8140
8 Ward Parkway, Kansas City, Missouri 64114.

9 Q. Mr. Stahly, who do you work for?

10 A. I work for Sprint Communications, LP.

11 Q. Do you have in front of you a document titled
12 "Supplemental Direct Testimony of David E. Stahly on Behalf of
13 Sprint Communications Company, LP, and United Telephone Company
14 of Ohio, dba Sprint"?

15 A. I do.

16 MR. STEWART: Your Honor, I'd like to have that
17 document marked for identification as Sprint Exhibit 3, I
18 believe.

19 THE EXAMINER: It shall be so marked.

20

21 - - -
22 Thereupon, Sprint Exhibit No. 3 was
23 marked for purposes of identification.

23

24 - - -
25 THE EXAMINER: Just so that I'm clear, and to be
 honest, I don't recall, had Mr. Lauridsen submitted exhibits

1 with the Sprint designation?

2 MR. STEWART: I'm sorry?

3 THE EXAMINER: Did Mr. Lauridsen made a
4 differentiation between the exhibits marked Sprint/United versus
5 Sprint?

6 MR. STEWART: I do not believe so. They should all be
7 Sprint exhibits in sequential order.

8 MR. LODGE: According to our records, your Honor,
9 there has been but one Sprint set.

10 THE EXAMINER: Thank you.

11 BY MR. STEWART:

12 Q. Mr. Stahly, can you identify Sprint Exhibit 3?

13 A. Yes. That would be my supplemental direct testimony:

14 Q. Did you prepare that or was it prepared under your
15 direction and supervision?

16 A. Yes, it was.

17 Q. Do you have any changes or corrections to make to your
18 supplemental direct?

19 A. No, I do not.

20 Q. If I were to ask you today the same questions that
21 appear in Sprint Exhibit 3, would your answers be the same as
22 reflected in Sprint Exhibit 3?

23 A. Yes, they would.

24 MR. STEWART: I move Sprint Exhibit 3 into evidence,
25 and tender Mr. Stahly for cross-examination.

1 THE EXAMINER: Thank you.
2 Mr. Lodge or Mr. Walker? Or Mr. Zipperstein?

3 MR. LODGE: Mr. Zipperstein will conduct
4 cross-examination of Mr. Stahly.

5 MR. ZIPPERSTEIN: Thank you, your Honor.

6 - - -
7 CROSS-EXAMINATION

8 BY MR. ZIPPERSTEIN:

9 Q. Good morning, Mr. Stahly.

10 A. Good morning.

11 Q. Welcome to Ohio again.

12 A. Thank you.

13 Q. You testified here the last time, as I recall, on
14 April the 19th of 1999; is that right?

15 A. Yes.

16 Q. And at that time you adopted the prefiled testimony of
17 your colleague, Mr. Kapka; is that correct?

18 A. Yes, I did.

19 Q. You just testified that there were no corrections,
20 changes or additions to your testimony; is that correct?

21 A. Yes, I don't believe there were any.

22 Q. Would you look at Page 11, Line 4, please?

23 A. Okay.

24 Q. Are you there?

25 A. I am there.

1 Q. You see the reference to an October 15th, 1998 order?

2 A. Yes, I do.

3 Q. Do you have a copy of that order with you?

4 A. I do.

5 Q. Would you please retrieve that and show me the date?
6 Because I'm a little bit confused about the date that you
7 identified.

8 A. Okay.

9 (Pause.)

10 Okay.

11 Q. Do you have a copy of the October 15th order?

12 A. I do.

13 MR. ZIPPERSTEIN: And, your Honor, may I approach for
14 the purpose of examining the document the witness is referring
15 to?

16 THE EXAMINER: Certainly.

17 THE WITNESS: Okay, it's this particular document
18 (indicating).

19 MR. ZIPPERSTEIN: May I ask a couple questions from
20 here?

21 THE EXAMINER: Sure.

22 BY MR. ZIPPERSTEIN:

23 Q. Mr. Stahly, would you turn to the last page of the
24 document that you just handed to me?

25 A. Right.

1 Q. What's the date reflected there?

2 A. It looks like December 22nd, 1998.

3 Q. Do you now want to change your direct prefiled
4 testimony --

5 A. Sure.

6 Q. -- to correct the October 15th date?

7 A. Yeah, that would be fine.

8 Q. Are there any other corrections that you wish to make
9 to your testimony at this time?

10 A. Not that I'm aware of, no.

11 Q. Would you please turn to Page 7 and look at Lines 7
12 through 9?

13 THE EXAMINER: This is of his testimony?

14 MR. ZIPPERSTEIN: Of this testimony, yes.

15 THE WITNESS: Okay.

16 BY MR. ZIPPERSTEIN:

17 Q. Are you there, sir?

18 A. I am.

19 Q. At Line 9 you refer to Bell Atlantic as a "potent
20 potential local competitor". Do you see that?

21 A. Yes, I do.

22 Q. By that, do you mean that Bell Atlantic is a potent
23 potential local competitor in GTE North's Ohio territories as we
24 sit here today?

25 A. Yes.

1 Q. Is Bell Atlantic also a potent potential local
2 competitor in Sprint/United's ILEC territories in Ohio as we sit
3 here today?

4 A. I think they could be, yes.

5 Q. Well, last time you were here, on April the 19th, you
6 recall that you answered some questions from my colleague,
7 Mr. Carlisle?

8 A. Yes, I did.

9 Q. And you recall testifying at that time -- and I would
10 be happy to show you the reference in the transcript -- but you
11 recall testifying at that time that Sprint/United's ILEC
12 territories in Ohio were, in your words, roughly similar to GTE
13 North's ILEC territories in Ohio, correct?

14 A. Yeah, that -- that would be something that I would
15 agree with that, yes.

16 Q. We'll get into that a little bit more later.

17 Can you identify a single Bell Atlantic document that
18 reflects a plan to enter GTE North's territory -- territory in
19 Ohio? Specifically referring to entering GTE North's territory
20 in Ohio. That's the question.

21 A. Through the discovery process, we did not get any Bell
22 Atlantic documents that showed their CLEC entry plans.

23 Q. You can't identify any public documents that reflect
24 any plans by Bell Atlantic to enter GTE North's territory --
25 territory in Ohio, can you?

1 A. I think there's just some general statements by Bell
2 Atlantic talking about wanting to be a national player, wanting
3 to go everywhere. Do I have a specific document in front of me?
4 No, I do not.

5 Q. You cannot identify a single, publicly available Bell
6 Atlantic document evidencing an intent to enter GTE North's
7 territory -- territory in Ohio, can you?

8 A. If you're asking specifically a document that would
9 show that Bell Atlantic is specifically entering GTE North, no.
10 I extrapolate that opinion generally from their statements of
11 wanting to be a national CLEC player. Clearly GTE is in the
12 U.S., it's one territory that they should go after, and I think
13 everyone realizes Bell Atlantic is a large ILEC with the
14 potential to be very potent CLEC competitor wherever they choose
15 to go.

16 Q. Let me ask you again. You can't identify a single
17 Bell Atlantic document reflecting an intention to enter GTE
18 North's territory in Ohio; "yes" or "no"?

19 MR. STEWART: Objection. It was asked and answered.

20 THE EXAMINER: Sustained.

21 BY MR. ZIPPERSTEIN:

22 Q. Now, you -- with regard to Sprint's ILEC territory in
23 Ohio, are you similarly unable to identify a single Bell
24 Atlantic document reflecting an intent to enter Sprint/United's
25 territory in Ohio, correct?

1 A. I'm not aware of any document such as that.

2 Q. Sprint has not changed its pricing behavior in
3 response to a perception that Bell Atlantic was about to enter
4 your territory in Ohio, correct?

5 A. I have no knowledge of any changes in pricing
6 behavior.

7 Q. And, likewise, you have no knowledge of any changes in
8 pricing behavior by GTE North in Ohio in response to a
9 perception that Bell Atlantic was about to enter GTE North
10 territory in Ohio, correct?

11 A. If GTE changed its prices, I don't know why -- what
12 the reasons are behind those.

13 Q. Is the answer "yes" or "no", are you aware or are you
14 not aware of that fact?

15 A. Not aware.

16 Q. Thank you.

17 Were you here last spring when Ms. Bellamy testified
18 under oath that Bell Atlantic had no plans to enter GTE North's
19 territory in Ohio?

20 A. I don't believe I saw her live testimony.

21 Q. Have you read her testimony in transcribed form?

22 A. I have -- I read her prefiled testimony, yes.

23 Q. And you're not personally aware of any facts that
24 contribute to Ms. Bellamy's sworn testimony that Bell Atlantic
25 had no plans to enter GTE North's Ohio territory, are you?

1 A. I find it rather incredulous to believe her statement
2 that they said -- that she said that they would not enter, but
3 she did state that, that's correct.

4 Q. Are you saying that Ms. Bellamy lied?

5 A. I am saying that I find it difficult to believe that
6 Bell Atlantic is not going out of their territory when they have
7 said everywhere in the press that they intend to be a national
8 CLEC.

9 Q. Are you -- Are you saying that Ms. Bellamy committed
10 perjury in this hearing, sir? Are you or are you not?

11 A. That's her testimony, I guess that's her testimony.

12 Q. Are you saying that she lied? And if so, I'd like to
13 know what specific facts you have to support that allegation.

14 A. I simply stated that I -- I find it difficult to
15 believe what she said. I suppose that's her testimony.

16 Q. And that's your answer?

17 A. I assume she testified truthfully.

18 Q. As are you?

19 A. I am.

20 Q. You don't work currently in Ohio, do you?

21 A. I do not.

22 Q. It's been several years since you have worked here,
23 correct?

24 A. Yes.

25 Q. When you were here last time, you talked about the

1 lack of competition that Sprint/United is facing in its Ohio
2 territory; do you recall that?

3 A. Yes.

4 Q. And you recall saying at the time that you didn't
5 think the competitors found Sprint's Ohio territory particularly
6 attractive to enter; do you recall that?

7 A. Yes.

8 Q. And that's still a true statement today, as far as
9 you're concerned?

10 A. I think generally speaking. I mean, I think everyone
11 understands you're going to see competition in the larger
12 metropolitan areas first and then it will start coming into
13 smaller areas. I do know that there is some competition in
14 Sprint's territory today through a reseller.

15 Q. And the larger metropolitan areas in this state would
16 be outside the territory of Sprint/United and GTE North; is that
17 right?

18 MR. STEWART: I'll object to the compoundness of the
19 question.

20 THE EXAMINER: If you could make it a little bit more
21 detailed.

22 BY MR. ZIPPERSTEIN:

23 Q. Name one large metropolitan --

24 THE EXAMINER: Let me see if Mr. Stewart is done.

25 MR. STEWART: I'm sorry.

1 THE EXAMINER: Are you finished with your objection?

2 MR. STEWART: Yes.

3 THE EXAMINER: Are you going to --

4 MR. ZIPPERSTEIN: I'll withdraw the question.

5 BY MR. ZIPPERSTEIN:

6 Q. Name one large metropolitan territory or city inside
7 GTE North's Ohio territory.

8 A. Well, it's been a while since I have seen an Ohio
9 exchange map, but if I recall correctly, GTE does have exchanges
10 in the suburbs of large metropolitan areas where a CLEC could
11 branch out. I believe Delaware is one of those.

12 Q. So in your opinion, Delaware, Ohio is a large
13 metropolitan territory?

14 A. In and of itself, no, but it's certainly one I -- if
15 you recall the exchange map correctly, it's one that could be
16 reached by a CLEC that starts in Columbus and branches out to
17 the suburbs.

18 Q. How long has it been since you last looked at an Ohio
19 exchange map, Mr. Stahly?

20 A. Maybe five years.

21 Q. Five years; is that what you said?

22 A. Yes. I don't think the exchange boundaries have
23 changed but --

24 Q. That's all I wanted to know, is how long it's been.

25 Now, precisely when, in your expert opinion, would

1 Bell Atlantic have entered GTE North's Ohio territory absent
2 this merger?

3 A. I don't know.

4 Q. Precisely what products and services would Bell
5 Atlantic have offered in GTE North's Ohio territory absent this
6 merger?

7 A. I believe they would have offered products comparable
8 to what they offer in their territory today and products similar
9 to what GTE offers its customers.

10 Q. And precisely where in GTE North's Ohio territory
11 would Bell Atlantic have entered, absent this merger?

12 A. I don't know.

13 Q. Now, Sprint Communications Company, LP, which we'll
14 refer to as Sprint, the long-distance carrier --

15 A. Okay.

16 Q. -- to distinguish it from Sprint/United, the ILEC, has
17 tens of thousands of long-distance and toll customers who are
18 also customers of GTE North, the ILEC; isn't that true?

19 A. Are you referring to specifically in Ohio, or
20 nationwide?

21 Q. In Ohio.

22 A. I don't know if we have tens of thousands, but I would
23 agree that we do have some customers in GTE territory.

24 Q. Do you have a precise number?

25 A. I don't have a precise. I would be surprised if it

1 was tens of thousands, though. That seems pretty high.

2 Q. Well, AT&T has tens of thousands of long-distance and
3 toll customers who are also local exchange customers of GTE
4 North Ohio; would you agree with that?

5 MR. TRABARIS: Objection. Counsel is assuming facts
6 not in the record.

7 THE EXAMINER: Sustain your objection.

8 BY MR. ZIPPERSTEIN:

9 Q. Would you agree with me that, based upon publicly
10 available information, AT&T has customers in Ohio for
11 long-distance and toll service who are also customers of GTE
12 North Ohio for local exchange service?

13 MR. TRABARIS: Are you specifying a number of
14 customers, counsel, or are you just saying in general?

15 MR. ZIPPERSTEIN: The question is what it is. We can
16 have it read back, if you like.

17 THE EXAMINER: Does the witness need the question read
18 back?

19 THE WITNESS: No. I believe that GTE -- or, AT&T
20 probably has some long-distance customers that are GTE local
21 customers, as does Sprint.

22 BY MR. ZIPPERSTEIN:

23 Q. That would certainly be the case in Sprint's local --

24 A. Yes.

25 Q. -- exchange territory?

1 A. Yes, we have some number.

2 Q. And in GTE North's Ohio territory, would the same be
3 true for MCI WorldCom?

4 A. I believe they have customers, too.

5 Q. And, likewise, the same would be true in
6 Sprint/United's local territory in Ohio, correct?

7 A. I believe so, yes.

8 Q. Now, who has, in your expert opinion, better brand
9 recognition among Ohio telecommunications customers, Bell
10 Atlantic or Sprint?

11 A. Are you talking about in GTE territory, or Sprint
12 territory?

13 Q. In GTE North territory -- territory in Ohio.

14 THE EXAMINER: And just for clarification purposes,
15 which Sprint are you referring to in that question?

16 MR. ZIPPERSTEIN: Sprint/United or Sprint
17 Communications, LP. We can take them separately if that would
18 make it easier for you.

19 THE WITNESS: I think at this stage in the competitive
20 market, inasmuch as Bell Atlantic apparently has chosen not to
21 go outside of its territory a whole lot, I would venture to say
22 that customers in GTE territory have a better idea that Sprint
23 long distance, perhaps better brand recognition there.

24 Certainly Bell Atlantic is authorized to provide
25 long-distance throughout many states in the U.S., they had every

1 opportunity over the last three-and-a-half years to do that,
2 gain customers, as did GTE. Why they haven't chosen to do so,
3 I'm somewhat surprised and don't know.

4 So at this point I would say probably Sprint has the
5 better brand -- brand recognition.

6 BY MR. ZIPPERSTEIN:

7 Q. And would the same be true if you compared AT&T to
8 Bell Atlantic for GTE North customers in Ohio, in your opinion?

9 A. Today, yes. Tomorrow, it's uncertain.

10 Q. And would the same be true today for MCI WorldCom
11 compared to Bell Atlantic?

12 A. Yes, today.

13 Q. And would the same be true for Ameritech compared to
14 Bell Atlantic?

15 A. I don't have an opinion on that. I don't know how
16 broadly Ameritech advertises its services, if they go out of
17 their region or not.

18 Q. So you mean to tell me that here in the State of Ohio,
19 in Delaware, that Bell Atlantic and Ameritech, in your opinion,
20 have equal brand recognition among GTE North's customers; is
21 that your testimony?

22 MR. STEWART: Objection. His testimony was that he
23 didn't know. Mischaracterizes his prior statement.

24 THE EXAMINER: Mr. Stahly, why don't you tell me.

25 THE WITNESS: Okay.

1 MR. ZIPPERSTEIN: I would be happy to rephrase the
2 question.

3 THE EXAMINER: Go right ahead.

4 THE WITNESS: Go ahead.

5 BY MR. ZIPPERSTEIN:

6 Q. In your opinion, who has better brand recognition
7 among customers in GTE Ohio North's territory; Ameritech, or
8 Bell Atlantic?

9 A. I would think there is a higher probability that a GTE
10 North customer would be more aware of Ameritech, the
11 telecommunications services provider, than Bell Atlantic.
12 Doesn't mean that Bell Atlantic certainly could not have done
13 that had they chosen to.

14 Q. Just asking about brand recognition.

15 What about Cincinnati Bell versus Bell Atlantic among
16 customers in GTE North's Ohio territory; which enjoys better
17 brand recognition today, in your opinion?

18 A. Strictly in terms of brand recognition as we see the
19 market today, probably Cincinnati Bell.

20 Q. Now, all five of the companies that we have just
21 mentioned, Ameritech, Cincinnati Bell, Sprint, AT&T and MCI
22 WorldCom, are all potential competitors in GTE North's Ohio
23 territory today, correct?

24 A. That's true. They are --

25 Q. And will continue -- I'm sorry?

1 A. Bell Atlantic, any large ILEC such as --

2 Q. And those five will continue to be potential
3 competitors after this merger is completed, correct?

4 A. That is true.

5 Q. Now, if you look at Lines 9 through 17 at Page 7 of
6 your testimony here, you list what you describe as four
7 attributes that Bell Atlantic possess that render it a potential
8 competitor based on its experience as an incumbent local
9 exchange provider. Is that a fair summary of what you say?

10 A. Yes.

11 Q. Other Sprint witnesses who have testified around the
12 country against the Bell Atlantic/GTE merger have also listed
13 those same four attributes in their testimony; you're aware of
14 that, aren't you?

15 A. Yes.

16 Q. Mr. Kapka, for example, he's done that?

17 A. In what state?

18 Q. In Iowa, for example?

19 A. Okay.

20 Q. And Dr. Brenner, your consultant, has used those
21 same -- that same list of four attributes in California?

22 A. Okay.

23 Q. In fact, Dr. Brenner used that same list in attacking
24 the SBC/Pacific Telesis merger four years ago, didn't he?

25 A. I don't recall.

1 Q. And your filings at the FCC reflect the same list of
2 four characteristics, don't they?

3 A. Yes, they do.

4 Q. So the argument that you're making here has an
5 application not just in Ohio, but elsewhere around the country
6 as far as potential competition, correct?

7 A. Yes.

8 Q. And, indeed, the other competitive concerns that you
9 raise here, for example, the incentive to engage in
10 discriminatory behavior -- And they aren't unique to Ohio,
11 you've raised them everywhere in the country where you challenge
12 this merger; is that correct?

13 A. They're a concern everywhere.

14 Q. At the state and federal level, correct?

15 A. Yes.

16 Q. That's where Sprint has been making these arguments?

17 A. We've been making them in every jurisdiction, that is
18 correct.

19 Q. There's nothing unique to Ohio when it comes to these
20 arguments; is that correct?

21 A. Our concerns are the same everywhere.

22 Q. Now, with regard to the four characteristics, isn't it
23 true that Pacific Bell also possesses those same four
24 characteristics?

25 A. Yes.

1 Q. Isn't it true that U.S. West possesses those same four
2 characteristics?

3 A. Yes, they do.

4 Q. Isn't it true that BellSouth possesses those same four
5 characteristics?

6 A. Yes.

7 Q. Isn't it true that Ameritech possesses those same four
8 characteristics?

9 A. We have the problem of Pac Bell, Southwest Bell and
10 Ameritech potentially being one competitor now. I wouldn't
11 count them as three separate.

12 (Recess taken.)

13 THE EXAMINER: Why don't we go back on the record.
14 Mr. Zipperstein.

15 BY MR. ZIPPERSTEIN:

16 Q. When we broke, we were talking about your testimony at
17 Page 7, Lines 9 through 17. And the question pending, I
18 believe, was whether or not, in your opinion, Ameritech also
19 possesses the same four attributes reflected in that testimony.

20 A. Okay. Get back into gear here. Yeah, I mean,
21 because, again, Ameritech has that Bell name that, you know,
22 everyone throughout the U.S. recognized, just like Bell
23 Atlantic, Southwestern Bell. I mean, everyone recognizes the
24 same Bell name. Same as Ameritech, they recognize it as a Bell
25 company.

1 Q. The Bell name is one of the attributes I'm asking
2 about. In your opinion, does Ameritech possess all four
3 attributes reflected at Page 7, Lines 9 through 17 on Page 7?

4 A. Yes, they do.

5 Q. And does Cincinnati Bell also possess all four of
6 those attributes?

7 A. Yes, they would.

8 Q. And we had mentioned Pacific Bell, U.S. West and
9 BellSouth in that context. Just for clarity, I want to make
10 sure that it's your testimony that Pacific Bell, U.S. West and
11 BellSouth are also potential competitors in GTE North's Ohio
12 territory; is that correct?

13 A. Pac Bell is part of the Southwestern Bell, which is
14 potentially Ameritech; so you can't count it a couple different
15 times.

16 Q. Are they merged yet?

17 A. Southwest Bell is merged with Pac Bell.

18 Q. Excuse me. Is Pacific Bell and Ameritech part of the
19 same company today?

20 A. No. Pac Bell and Southwestern Bell are.

21 (Discussion held off the record.)

22 THE EXAMINER: Please proceed.

23 MR. ZIPPERSTEIN: Thank you, your Honor.

24 BY MR. ZIPPERSTEIN:

25 Q. The question, Mr. Stahly, is whether, in your opinion,

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1 Pacific Bell, U.S. West and BellSouth are potential competitors
2 today of GTE North in Ohio.

3 A. Yes.

4 Q. And so just to summarize what we've covered over the
5 last few minutes, it would be your testimony, would it not, that
6 after the GTE/Bell Atlantic merger takes place, that there would
7 be at least eight potential competitors remaining in GTE North's
8 Ohio territory, and they would be Pacific Bell, U.S. West,
9 BellSouth, SBC/Ameritech, Cincinnati Bell, AT&T, Sprint and MCI
10 WorldCom, correct?

11 MR. STEWART: I object to the extent that this
12 question included a number because I believe Mr. Stahly's prior
13 testimony suggested that it was his view some of those entities
14 could not be counted separately.

15 THE EXAMINER: Well, in the context of that question,
16 if you don't agree with what Mr. Zipperstein has just prefaced
17 in his question, please state the exclusions.

18 THE WITNESS: Okay. Let me make a little list here
19 and count up. The list keeps getting shorter.

20 BY MR. ZIPPERSTEIN:

21 Q. We'll get to that in a moment, too, sir.

22 A. I would count seven; the four Bell companies, MCI,
23 Sprint and AT&T. And I would consider essentially the
24 SBC/Ameritech merger virtually as complete.

25 Q. So in your opinion, even after the Bell Atlantic/GTE

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1 merger, there will still be seven potential competitors of GTE
2 North in Ohio, correct?

3 A. Yes.

4 THE EXAMINER: Just so the record is clear, if you
5 could specifically delineate which seven you're referring to.

6 THE WITNESS: Okay. Well, you would have -- I
7 miscounted. I apologize. Of course, you're counting Cincinnati
8 Bell; is that correct?

9 BY MR. ZIPPERSTEIN:

10 Q. Yes.

11 A. Okay.

12 Q. By your testimony.

13 A. That would be Cincinnati Bell, BellSouth, the
14 SBC/Ameritech/PacBell as one; U.S. West, Bell Atlantic would no
15 longer be counted; MCI, Sprint and AT&T.

16 Q. And I think that adds up to seven.

17 A. Yes.

18 Q. Mr. Stahly, I counted three different places in your
19 testimony, and I would be happy to give you the page and line
20 references, where you referred to the United States Department
21 of Justice and the breakup of AT&T in the early 1980s. Do you
22 recall that?

23 A. Yes.

24 Q. And you mentioned earlier that the competitive
25 concerns that Sprint is raising here are the same concerns that

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1 Sprint has raised elsewhere in the country regarding the Bell
2 Atlantic/GTE merger, right?

3 A. Yes.

4 Q. You're aware that the Antitrust Division of the United
5 States Department of Justice has the statutory obligation to
6 seek to block mergers that, in its view, threaten competition
7 under the Clayton Act, correct?

8 A. Yes.

9 Q. And you're aware, of course, that the lawyers and the
10 economists at the Antitrust Division of the U.S. Department of
11 Justice have reviewed the Bell Atlantic/GTE merger and have
12 decided not to seek to block it on any anticompetitive basis in
13 the wireline markets, correct?

14 A. Yes.

15 Q. And, based upon your own references to the prior
16 Justice Department action to break up AT&T, you certainly would
17 have expected the Justice Department to step in and raise an
18 objection to the Bell Atlantic/GTE merger if it felt that there
19 were a competitive threat in the wireline markets, correct?

20 A. Yes.

21 Q. Now, isn't it true that Sprint sent representatives to
22 meet with the Justice Department staff reviewing the Bell
23 Atlantic/GTE merger, and presented the very same arguments to
24 the DOJ staff that you have presented to this Commission?

25 A. I don't know what arguments specifically that they

1 have presented. I didn't see any specific documents on that.

2 Q. But you're aware that Sprint did send representatives
3 to meet with the DOJ staff and attempt to talk them into
4 blocking the Bell Atlantic/GTE merger; is that right?

5 A. Yes.

6 Q. And those efforts, obviously, were unsuccessful,
7 right?

8 A. Ultimately, yes. But also it's my understanding that
9 the Department of Justice has a different standard than what the
10 Ohio Commission would have in terms of looking at the public
11 interest and stuff.

12 Q. Well, wait. You're not a lawyer, are you, sir?

13 A. No, I'm not.

14 Q. You're not an economist, are you, either?

15 A. I'm not a Ph.D. economist.

16 Q. You're not even a Master's degree holder in economics,
17 are you?

18 A. I have a Master's from the University of Chicago which
19 included economics, business and statistics.

20 Q. I didn't see that in your testimony.

21 A. Okay.

22 Q. I just saw a reference to public policy.

23 A. Well, it should say University of Chicago on it, too.

24 Q. Well, your testimony says you have a Master's in
25 public policy.

1 A. Right.

2 Q. Are you now saying -- Is that another correction to
3 your testimony, that you also have as Master's in economics?

4 A. No. It's the University of Chicago Master's of Public
5 Policy, which includes the study of economics in addition to
6 statistics and business.

7 Q. Let me just ask it this way. Do you have a Master's
8 degree in economics, "yes" or "no"?

9 A. It is not entitled a Master's degree in economics.

10 Q. And you have no expertise whatsoever in the type of
11 antitrust review that the Justice Department conducts when it
12 reviews mergers under the Clayton Act, do you?

13 A. I have not reviewed those standards.

14 Q. Now, we mentioned earlier the fact that you're
15 appearing here on behalf of both Sprint Communications, LP and
16 Sprint/United in Ohio; is that right?

17 A. Yes.

18 Q. And just so I'm clear, you haven't seen any
19 Sprint/United Ohio documents that in any way, shape or form
20 refer to Bell Atlantic being perceived as an entrant into
21 Sprint/United's territory in Ohio, correct?

22 A. Other people in the company would be dealing with
23 that, and I would not be, so I have not seen those specific
24 documents, no.

25 Q. Okay. Because you --

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1 A. If they exist.

2 Q. Because you haven't seen them, you're not testifying
3 under oath that there are such documents, are you?

4 A. I don't know if they exist or don't exist.

5 Q. How many access lines does Sprint/United serve in its
6 Ohio territory today?

7 A. I believe over 400,000.

8 Q. Isn't it closer to 600,000?

9 A. It may be. That number was from five years ago.

10 Q. Well, would you accept, subject to check -- I think
11 that this is something that you can check on -- that
12 it's right -- closer to 600,000?

13 A. Subject to check.

14 Q. And if we could just update your testimony from last
15 time, how many unbundled network elements has Sprint sold or
16 leased to competitors in its territory, its ILEC territory in
17 Ohio?

18 A. I don't know about UNES. I know they have sold some
19 resold lines, but I'm not sure on UNES.

20 Q. When you say you're not sure, does that mean zero, or
21 does it mean that it might be more than zero?

22 A. I don't know if it's zero or more than zero.

23 Q. Did you make any effort to check before you took the
24 stand today?

25 A. I did not.

1 MR. ZIPPERSTEIN: Let me make an on-the-record data
2 request for that information, your Honor. And I would
3 appreciate it if Sprint could provide that on the record. It
4 doesn't have to be through Mr. Stahly; we would be willing to do
5 it by way of a written stipulation.

6 THE EXAMINER: Mr. Stewart.

7 MR. STEWART: Well, your Honor, I would object to in
8 the hearing, on the record, further discovery.

9 THE EXAMINER: Mr. Zipperstein, can you explain to me
10 why specific data requests were not made prior to this
11 proceeding.

12 MR. ZIPPERSTEIN: Well, he testified to it earlier.
13 I'm simply trying to get an update.

14 BY MR. ZIPPERSTEIN:

15 Q. I'll withdraw the on-the-record data request and I'll
16 simply ask you to accept, subject to check, that Sprint has sold
17 or leased zero unbundled network elements in its Ohio territory.
18 Will you accept that subject to check, sir?

19 A. I have nothing to base that on. I don't know if they
20 have or have not, so I really -- you know, I have nothing to
21 base it on.

22 Q. How many lines has Sprint resold in its territory; do
23 you have any updated numbers on that?

24 A. I know they have some, but I don't know the number.

25 Q. Is it more than ten?

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1 A. I really don't know the number.

2 Q. Less than a hundred?

3 A. Again, I don't know.

4 Q. You didn't check on that before you took the stand
5 today?

6 A. No, I did not.

7 Q. Do you have a factual basis for saying that the number
8 is greater than it was when you testified on April the 19th?

9 A. I haven't seen any studies or specific reports
10 relating to Ohio since that time.

11 Q. Have you read the access charge complaint that AT&T
12 filed against Sprint/United yesterday?

13 MR. TRABARIS: Objection. Relevance.

14 THE EXAMINER: Well, first of all, where?

15 MR. ZIPPERSTEIN: Here, Ohio.

16 MR. TRABARIS: I still object. Relevance. Way
17 outside the scope of his testimony. What does Sprint/United's
18 access charges have to do with this proceeding?

19 THE EXAMINER: Mr. Zipperstein?

20 MR. ZIPPERSTEIN: I don't think Mr. Trabaris has
21 standing to make that objection.

22 THE EXAMINER: I'll make that decision. And I ask you
23 on --

24 MR. ZIPPERSTEIN: Well, that's my first response.

25 My second response is that the complaint purports to

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1 quote from the FCC Common Carrier Bureau August 1999 report on
2 local competition which provides UNE numbers and resold loop
3 numbers and other local competition numbers for Sprint/United in
4 Ohio. And if he's seen the complaint, that might be a way of
5 refreshing his recollection.

6 THE EXAMINER: I believe the witness has already
7 indicated he doesn't know the answer.

8 MR. ZIPPERSTEIN: Okay.

9 BY MR. ZIPPERSTEIN:

10 Q. Mr. Stahly, do you have any idea how many requests for
11 physical or virtual collocation Sprint/United has received in
12 Ohio?

13 A. I do not.

14 Q. Do you have any idea how many collocators are
15 physically or virtually serving end user customers out of
16 Sprint/United's central offices in Ohio?

17 A. No. Again, that's a different group that deals with
18 that, so I'm not up to date with what they do.

19 Q. Does Sprint offer the UNE platform in its Ohio
20 territory, Mr. Stahly?

21 A. I'm not positive with respect to Ohio. Generally, my
22 understanding is that Sprint LTD will offer the UNE platform.

23 Q. My question is specific to Ohio.

24 A. My assumption would be yes, that they do.

25 Q. Well, do you have any personal knowledge one way or

1 the other whether it does or it doesn't?

2 A. The best of my knowledge is that, yes, they do.

3 Q. Okay. And despite the fact that you offer the UNE
4 platform in Ohio, you've seen virtually no competitors enter
5 your territory; isn't that correct?

6 A. That's not true. I know of at least one competitor in
7 Mansfield, but I'm not sure how many more there are.

8 Q. And how many platform orders have you received from
9 that competitor in Mansfield?

10 A. Again, as I stated earlier, I'm not involved with that
11 department, so I'm not privileged to access to that information.

12 Q. So you are unable to articulate, under oath, any
13 cause-and-effect relationship between offering the UNE platform
14 in your territory in Ohio and any increase in competition or
15 competitors entering your territory, are you?

16 A. Could you restate that again?

17 Q. You have no --

18 A. Make sure I follow what you're saying.

19 Q. You have no factual basis, no firsthand personal
20 knowledge to be able to articulate a cause-and-effect
21 relationship between Sprint's offer of the UNE platform in its
22 Ohio territory and any increase in competitive activity in your
23 Ohio territory, do you?

24 MR. STEWART: I object on the grounds of relevance,
25 your Honor.

1 MR. ZIPPERSTEIN: It's in his testimony. He claims
2 that we should offer the UNE platform in our territory to spur
3 competition. He's offering it in his territory and it's had no
4 increase in competitive activity. It's absolutely relevant. Or
5 he can withdraw that portion of his testimony because he says
6 right now that he lacks personal knowledge.

7 THE EXAMINER: Can you give me --

8 MR. ZIPPERSTEIN: It's one or the other.

9 THE EXAMINER: Can you give me a specific cite as to
10 where that is in his testimony?

11 MR. ZIPPERSTEIN: Yes, I will.

12 Page 22, Lines 9 through 17.

13 Is there another reference, John?

14 MR. WALKER: (Indicating.)

15 MR. ZIPPERSTEIN: Page 22, Lines 9 through 17. I
16 would either move to strike that portion of his testimony if he
17 doesn't know the answer, or have him answer the question if he
18 does.

19 MR. STEWART: If I may respond, your Honor.

20 THE EXAMINER: In a moment.

21 Mr. Stewart.

22 MR. STEWART: The fact that at present Mr. Stahly
23 doesn't know whether the offering of the UNE platform has
24 resulted in much competition in Sprint/United territory is
25 beside the point with respect to whether the offering of UNE

1 platform will incent competition. In other words, the fact that
2 it hasn't happened yet does not lead to the conclusion that it's
3 not a greater incentive for competition. It's really the same
4 point -- or, the same principle that's applicable to
5 Mr. Griswold's testimony, that the 20 percent discount, there's
6 no real basis for saying we know it's going to increase
7 competition, but we think it will have that tendency. So
8 there's no basis for striking the testimony.

9 THE EXAMINER: Mr. Zipperstein.

10 MR. ZIPPERSTEIN: Thank you, your Honor.

11 The basis to strike the testimony would be lack of
12 personal knowledge, which is what he has been saying in response
13 to my prior questions about Sprint's offer of the UNE platform,
14 in its territory and any cause-and-effect relationship between
15 offering the UNE and an increase in competition.

16 He says he doesn't know how many lines have been
17 resold between April 19th and today, he says he doesn't know how
18 many UNES have been sold between April 19th and today, he says.
19 he doesn't know how many orders for the platform have been
20 received in Sprint's territory. My conclusion would be that he
21 lacks any basis whatsoever from his own personal knowledge to
22 testify that there is, indeed, a cause-and-effect relationship
23 between offering the platform and competition increasing. So on
24 that basis, I believe the testimony should be stricken.

25 On the other hand, if there is a cause-and-effect

1 relationship, then I'd like him to articulate it. He has said
2 that the Sprint/United territory is similar to the GTE North
3 territory. I think I'm entitled to get an understanding as to
4 why he thinks offering the platform would incent competition in
5 the GTE territory whereas it's had zero effect on competition in
6 the Sprint territory.

7 THE EXAMINER: Well, with respect to your motion to
8 strike, that's denied.

9 With respect to your question that you had of the
10 witness, could you please reiterate what that was?

11 MR. ZIPPERSTEIN: Yes. Thank you.

12 BY MR. ZIPPERSTEIN:

13 Q. Do you have any personal, firsthand, factual basis,
14 based on Sprint's experience offering the UNE platform in its
15 Ohio territory, to articulate a cause-and-effect relationship
16 between offering the platform and seeing an increase in
17 competition in Sprint's territory?

18 I'm asking for facts, not opinion, this time.

19 A. I have personal knowledge of Sprint's entry plans as a
20 CLEC into GTE's territory on a global-type basis. And one of
21 the factors through looking at the business cost models is how
22 you get in. Can you do it -- Is it profitable through resale,
23 is it profitable through UNES, is it profitable through building
24 your own facilities. Unequivocally, it is much easier to get
25 into a market if you can lease the UNES and combine them in a

1 UNE-P platform.

2 One thing that shows clearly that that's a viable
3 strategy is GTE's continual refusal to allow Sprint to recombine
4 UNes. And as I stated in my testimony earlier, we can adopt the
5 AT&T contract if we agree not to recombine UNes.

6 GTE's own actions tell us the potency of UNE-P
7 platform.

8 Now, it would be ridiculous for anyone to suggest that
9 UNE-P platform does not facilitate competition because of
10 looking narrowly at Sprint/United's territory in Ohio. There
11 may be a myriad of reasons why competition is or is not there.
12 And so somehow come to a conclusion that if competition isn't
13 there, it's because of UNE-P platform doesn't matter as a -- is
14 beyond me how anyone could make that type of argument.

15 Q. Are you through?

16 A. Yes, I am.

17 MR. ZIPPERSTEIN: Your Honor, I move to strike the
18 answer. It was not responsive to the question.

19 THE EXAMINER: I'm going to deny your motion.

20 MR. ZIPPERSTEIN: May I reask the question?

21 THE EXAMINER: Sure.

22 BY MR. ZIPPERSTEIN:

23 Q. What facts do you have -- What facts demonstrate in
24 Sprint/United's territory any cause-and-effect relationship
25 between Sprint's offer of the UNE platform and any increase in

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1 competition in Sprint's Ohio territory? That was the question.

2 A. I mean --

3 MR. STEWART: Your Honor, I'm going to object. I
4 think the prior answer suggested that it's Mr. Stahly's view
5 that that's an immaterial point to his conclusion.

6 THE EXAMINER: He can still answer the question as to
7 his personal knowledge within United's territory. As to whether
8 or not he feels it's pertinent is another issue.

9 MR. STEWART: Thank you.

10 THE WITNESS: Again, my answer would be the first --
11 the same as the one I just gave you before.

12 BY MR. ZIPPERSTEIN:

13 Q. So you have no facts; just your opinion?

14 A. You cannot draw the conclusion that you want to come
15 to simply by looking at two narrow facts and one narrow area of
16 Ohio. It just can't be done.

17 Q. Okay. Was Sprint a party to the amended joint partial
18 settlement agreement in California regarding the OSS proceeding?

19 A. I don't know.

20 THE EXAMINER: Just so that we're clear, which Sprint
21 are you referring to?

22 MR. ZIPPERSTEIN: Sprint Communications Company, LP,
23 your Honor.

24 THE EXAMINER: Okay.

25 THE WITNESS: I don't know for certainty.

1 BY MR. ZIPPERSTEIN:

2 Q. Would you accept, subject to check, that Sprint was a
3 party to that settlement?

4 A. Subject to check.

5 Q. Has Sprint endeavored to incorporate any of those
6 performance measures into its OSS systems for Sprint/United in
7 Ohio?

8 A. I don't know.

9 Q. Is Sprint/United in Ohio engaging in third-party
10 testing of its OSS systems?

11 A. I don't know. I know that in Nevada, where we do have
12 a fair amount of CLEC competition and our OSS systems are being
13 tested -- or, worked by actual competitors in a market, that
14 what I do hear is that they seem to be working.

15 Q. Are you saying that in Nevada, Sprint's local
16 exchange -- or, local telephone division subsidiary is engaging
17 in third-party testing of its OSS systems?

18 A. I'm saying that in Nevada, where Sprint offers the
19 UNE-P, we have actual CLEC competitors in the market using OSS
20 systems, and the reports I hear are that the OSS systems seem to
21 be working sufficiently.

22 Q. And so in that context, it wasn't necessary to engage
23 in any third-party testing of your OSS systems?

24 A. And the reason that that is different from what's
25 happening in Ohio is that we have actual competitors in the

1 market. Part of it was probably facilitated by Sprint's UNE-P
2 policy.

3 Q. Well, can I just get an answer? It was not necessary
4 to engage in third-party testing of your OSSs in Nevada?

5 A. Well, to understand the answer, you have to understand
6 the caveats and the differences. And the big difference is
7 there are a significant number of CLEC competitors providing
8 service on a UNE basis in Nevada unlike GTE in Ohio where there
9 appears to be very little competitors. So we can't simply take
10 your witness' words that your OSS system works; that we need
11 some sort of a test to see if they work. And that's why we call
12 for third-party testing.

13 THE EXAMINER: But is the answer no, that there was no
14 third-party testing in Nevada?

15 THE WITNESS: I don't believe there was.

16 BY MR. ZIPPERSTEIN:

17 Q. Well, on that -- based on your experience in Nevada,
18 are you saying that it is, therefore, also not necessary to
19 conduct third-party testing of Sprint/United's OSSs in Ohio?

20 A. I don't know. I don't know if they have the similar
21 OSS systems or not.

22 Q. If the systems were similar, would it be your
23 testimony that because Sprint has some level of competition in
24 Nevada and, therefore, it's not necessary to do third-party
25 testing in Nevada, it would, likewise, not be necessary to do so

1 in Ohio?

2 A. Under the assumption that they're using identical
3 systems, I would generally say yes.

4 Q. And so if GTE, which has a nationwide OSS system, is
5 experiencing competition in California and its OSSs are working
6 in California without third-party testing, then it wouldn't be
7 necessary to do third-party testing in Ohio under the exact same
8 rationale you just used, right?

9 MR. STEWART: Objection. The question assumes facts
10 not in evidence, namely the effective functioning of the GTE OSS
11 system in California and the level of competition in California.

12 THE EXAMINER: Want to lay some foundation?

13 MR. ZIPPERSTEIN: I believe Mr. Holland did testify to
14 those facts. I believe he testified that our OSSs in California
15 are working, that we're experiencing competition in California.
16 I believe Mr. Holland testified that the performance measures
17 which were developed through the California collaborative, which
18 are the same performance measures that we have committed to use
19 as the starting point for the collaborative here, along with the
20 extra added addition of a confirmatory audit of those measures
21 by an outside auditor, establishes more than sufficient
22 foundation in the record for this question.

23 In addition, this witness, again, is testifying under
24 oath in his prefiled supplemental testimony that third-party
25 testing is necessary in Ohio. And I believe I'm permitted to

1 ask him to test that by asking this question.

2 THE EXAMINER: I don't have a problem with you asking
3 the question as long as the proper foundation is there.

4 MR. ZIPPERSTEIN: I believe it's there from all the
5 prior testimony of Mr. Holland.

6 MR. SERIO: Your Honor, I think there's one piece of
7 prior testimony that's being overlooked here, and that's
8 Mr. Griswold saying if there's a conflict in an OSS policy
9 between what the PUCO and the FCC determine, what the FCC says
10 will -- will govern.

11 So anything regarding California can't be taken as a
12 fact until we know what the FCC is going to do because if we
13 rely on California and the Ohio Commission adopts it and the FCC
14 does something different, Mr. Griswold said what's going to work
15 is what the FCC said and not what's going on in California or
16 what the PUCO says. And he said that earlier this morning and
17 Mr. Zipperstein was in the room when he said it.

18 THE EXAMINER: Anything further, Mr. Zipperstein?

19 MR. ZIPPERSTEIN: Just that I would say in response to
20 Mr. Serio's comment that that's an entirely different issue.
21 That has nothing to do with whether or not third-party testing
22 in the abstract is necessary in Ohio to determine whether or not
23 OSS systems are an impediment to the introduction of
24 competition, which is the witness' point.

25 THE EXAMINER: I'll allow the question.

1 THE WITNESS: Could you repeat the question, then?

2 BY MR. ZIPPERSTEIN:

3 Q. Yes. You just testified that third-party testing
4 would not be necessary for Sprint/United in Ohio because of your
5 experience in Nevada where you didn't use third-party testing
6 but you still see competition.

7 And my question was: Similarly, if GTE is
8 experiencing competition in its California territory, would it
9 also be the case that third-party testing is not necessary for
10 GTE North in Ohio, using your same rationale?

11 A. Well, first, I don't know that GTE has the same OSS
12 system in Ohio as they do in California. That's a critical
13 factor. I mean, they have to be identical systems.

14 And, again, with my answer to Sprint, the same holds
15 true there, they have to be identical systems to know that they
16 work.

17 Clearly, if they were identical systems and GTE agreed
18 to 44 performance measurements in California, they would have no
19 problem agreeing to 44 here instead of 39. Perhaps I missed
20 live testimony where GTE committed to all 44 instead of the 39.

21 Conversely, too, if they committed to all 44 and the
22 systems worked, I wouldn't think that GTE -- you would have a
23 problem doing third-party testing because if the systems truly
24 work, then they should quickly and easily pass that test.

25 Q. But third-party testing would not be necessary, just

1 as it would not be necessary for Sprint/United in Ohio, correct?

2 A. I think Sprint could pass a third-party test, too.

3 Q. That wasn't the question. The question is: You just
4 testified it wasn't necessary for Sprint/United in Ohio to
5 undergo a third-party test. Likewise, assuming that GTE's OSS
6 systems are uniform around the country, it would not be
7 necessary for GTE North Ohio to undergo third-party testing in
8 Ohio, correct?

9 A. There are too many facts that I don't know about the
10 systems for GTE between Ohio and California, whether or not
11 they're identical. Without that knowledge --

12 Q. So the --

13 A. -- we can't know.

14 Q. Sorry.

15 A. Plus, I'm not sure how well the California systems
16 work, either; if they've gone through third-party tests that
17 have verified that, yes, they are fully sufficient.

18 Q. Well, in Nevada you just said that Sprint didn't go
19 through a third-party test?

20 A. I said I didn't know if they've gone through a
21 third-party test. I don't know if they have.

22 Q. So are you now saying you don't know one way or the
23 other?

24 A. I don't want you to characterize my testimony by
25 saying that I did say they've done it. I said that I didn't

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1 know that they've done it. I don't know if they have or not in
2 Nevada.

3 Q. Okay. Well, I don't want to keep going around in
4 circles with you --

5 A. Right.

6 Q. -- and I don't want to waste your time, sir, but I
7 thought I heard you testify that OSS testing was not necessary.
8 to Sprint/United in Ohio. Is that still your testimony?

9 A. Yes, for a number of reasons.

10 Q. And is the same true for GTE North in Ohio?

11 A. No. I think for competitors to know that their system
12 works here, not knowing all the facts, we need to know more
13 about the system.

14 Q. Even assuming that both systems, both Sprint's systems
15 and GTE -- GTE's systems are uniform, nationwide systems, your
16 testimony, just so I'm clear, is that it's not necessary for
17 Sprint in Ohio, but it is necessary for GTE in Ohio?

18 A. Well --

19 Q. Is that what you're saying?

20 A. -- with a couple caveats. If we knew that GTE systems
21 were identical, orders are handled all out of the same system,
22 the same call centers, et cetera, everything was done, and GTE
23 passed a third-party test in California, I would agree that we
24 probably wouldn't need to do that here in Ohio.

25 Q. Well, is it necessary for Sprint to pass a third-party

1 test in Nevada in order for you to be confident in saying that
2 Sprint wouldn't need to do so in Ohio?

3 A. Could you state that again? I mean, I'm --

4 Q. Is it necessary for Sprint to pass a third-party test
5 in Nevada in order for you to be sufficiently confident to say
6 that Sprint wouldn't need to do so -- Sprint/United wouldn't
7 need to do so here in Ohio?

8 A. If I were a CLEC competitor, that is what I would want
9 to see.

10 Q. But you're appearing here on behalf of Sprint/United
11 Ohio and I'm asking for the position of Sprint/United Ohio on
12 that issue.

13 A. I can give you my opinion as an employee of Sprint. I
14 can't give you whatever the official line is on that. My
15 opinion is that they probably should do a third-party test.

16 Q. Is that the official position of Sprint/United Ohio?

17 A. I don't know what it is. That's our local division,
18 and what they do with the OSS, I have not been --

19 Q. So -- I'm sorry.

20 A. Well, I'm not -- I don't know what their latest
21 position is or what -- I guess what their position is
22 specifically on that.

23 Q. So then you're not qualified, you're not authorized to
24 speak on behalf of Sprint/United Ohio when it comes to the issue
25 of third-party testing of OSSs in Ohio; is that right?

1 A. Specifically --

2 MR. STEWART: Your Honor, may I have a clarification?
3 Is that question directed to third-party testing on behalf of
4 Sprint, or in general?

5 MR. ZIPPERSTEIN: On behalf of Sprint in Ohio.

6 BY MR. ZIPPERSTEIN:

7 Q. You are not -- Let me restate the question.

8 A. Okay.

9 Q. You are not qualified to or authorized to speak on
10 behalf of Sprint/United Ohio on the issue of whether
11 Sprint/United Ohio should engage in third-party testing of its
12 OSS systems, correct?

13 A. Specifically to that question, I don't have authority.
14 As a general policy, which Sprint has done, is attempted to be
15 consistent between its CLEC interests and its LTD interests
16 because the CLEC interest has requested third-party testing, it
17 would be my assumption that the LTD division would agree to have
18 its system third-party tested also.

19 THE EXAMINER: And the LTD --

20 THE WITNESS: Local --

21 THE EXAMINER: -- acronym?

22 THE WITNESS: Local Telephone Division, Sprint/United.

23 BY MR. ZIPPERSTEIN:

24 Q. And just so I'm clear, you have no firsthand personal
25 knowledge that there is any cause-and-effect relationship

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1 between competitive entry in Sprint/United's Ohio territory and
2 Sprint's testing or lack of testing of OSSs through a third
3 party in Ohio, correct?

4 A. My answer would be similar to what I said before with
5 regards to the UNE-P platform. I don't think we can draw a
6 conclusion that simply because there is or isn't third-party
7 testing, specifically in Sprint Ohio, that you -- and whether
8 competition is or is not present, that you can draw a conclusion
9 such as what you're inferring.

10 I think it's generally accepted that if it's proven
11 that OSS systems work, CLEC competitors will have an
12 opportunity, a better opportunity, to enter the market and
13 compete than if they don't work as has been found with GTE
14 systems.

15 THE EXAMINER: When you say that it's been proven that
16 GTE systems did not work, where specifically were you referring
17 to?

18 THE WITNESS: Referring to my -- I get my states mixed
19 up, your Honor. I apologize.

20 THE EXAMINER: That's okay. Take your time.

21 THE WITNESS: In Illinois I listed a number of
22 problems that Sprint had had nationally with GTE in terms of OSS
23 systems, such as double billing of our intraLATA toll customers
24 for intraLATA toll when we sold them on a resale basis, GTE was
25 billing them for intraLATA toll when we should have been the

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1 one, and that was a difficult thing to get resolved. In fact,
2 it still hasn't been fully resolved.

3 But there are other issues that I -- I don't have in
4 front of me put together.

5 THE EXAMINER: But are contained in your testimony?

6 THE WITNESS: Well, they're actually part of my
7 Illinois testimony, so I don't have them with me today in this
8 testimony.

9 THE EXAMINER: Okay.

10 BY MR. ZIPPERSTEIN:

11 Q. You have no facts that there is any problem with GTE's
12 OSS systems in Ohio as you sit here right now, do you?

13 A. Well, if GTE's systems are truly national, then I
14 would assume that problems that we've had in California with
15 GTE's OS systems would be replicated here in Ohio. And my
16 understanding from talking to our market entry director, John
17 Ivanewski, is that there has been a plethora of problems with
18 the GTE OSS system in California that have yet to be resolved.

19 Q. Well, you were a party to the settlement in
20 California, Sprint Communications, LP, correct?

21 A. Yes.

22 Q. And --

23 A. Doesn't mean that the --

24 Q. -- you have no facts in your testimony that indicate
25 any Ohio-specific problems with GTE's OSS systems, do you?

1 A. The fact that we are a party to that settlement, I
2 don't think, means that we concur right away that the system
3 worked. I think there were measures put in place to test the
4 systems and ensure that they work.

5 Q. Excuse me. Would you please show me what page and
6 line number on your testimony here in Ohio identifies a problem
7 with GTE's OSS systems in Ohio? Page and line number, please.

8 A. I don't talk about that specifically in testimony.
9 It's arisen because of your cross.

10 Q. Thank you.

11 By the way, what's the resale discount, the avoided
12 cost discount in Sprint/United's Ohio territory?

13 A. I don't know.

14 Q. Would you accept, subject to check, that Sprint/United
15 does not currently offer CLASS services to 100 percent of its
16 local exchange customers in its Ohio territory?

17 A. I don't know what the percentage is.

18 Q. You would accept, subject to check, though, that
19 Sprint does not offer it to all of its customers, local exchange
20 customers, in Ohio, correct?

21 A. Subject to check.

22 Q. We're still on Page 7. And at Lines 19 through 20,
23 you say that GTE North in Ohio, and I'm paraphrasing, currently
24 has an incentive to harm competition by virtue of the fact that
25 its an ILEC in Ohio. Is that a fair characterization?

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1 A. Yes.

2 Q. Doesn't Sprint/United have the same incentive by
3 virtue of its status as an ILEC, serving 600,000 lines in Ohio
4 with virtually no competition?

5 A. Sprint's behaved quite differently because Sprint, as
6 a CLEC, is actually going out, trying to enter other markets
7 nationally. And because of that CLEC interest, Sprint LTD has
8 been very good about trying to find a balance between its local
9 telephone division's interest and its CLEC interests; and,
10 therefore, has taken positions that are more favorable to CLEC.
11 entry that GTE has refused to take. For example, such as the
12 willingness to combine the UNE elements and the UNE-P platform.

13 Q. And yet, you have no more competition, despite all
14 that good, wonderful behavior in your territory in Ohio, than
15 GTE has in its territory in Ohio, despite all of its terrible
16 behavior; is that what you're saying?

17 MR. STEWART: Objection. First to the
18 characterizations of the behavior.

19 But the question was previously asked and answered,
20 and Mr. Stahly said one can't conclude from the presence or
21 absence of one UNE-P or no UNE-P or the type of OSS that there's
22 a cause-and-effect relationship between the presence or absence
23 of one or both of those matters or differing qualities in
24 competition.

25 THE EXAMINER: I'll allow the question. However, I

1 would direct counsel to possibly rephrase.

2 BY MR. ZIPPERSTEIN:

3 Q. It's true, is it not, that the level of competition is
4 roughly equal in Sprint/United's Ohio territory as compared to
5 GTE North's Ohio territory, right?

6 A. Roughly, yes.

7 Q. And Sprint, as an ILEC, is subject to the same
8 incentives that you ascribe to GTE as an ILEC in Ohio, correct?

9 MR. STEWART: Objection. That was asked and answered.
10 Mr. Stahly said that because of Sprint's CLEC affiliate, Sprint
11 has a different incentive with respect to its openness to
12 competition.

13 THE EXAMINER: I'll allow that component of the
14 question in the content of the overall question that you're
15 going to get to.

16 MR. ZIPPERSTEIN: Thank you, your Honor.

17 THE WITNESS: Could you rephrase the question
18 because --

19 BY MR. ZIPPERSTEIN:

20 Q. Certainly. Certainly.

21 Given that there's no difference in the level of
22 competition in Sprint/United's ILEC territory in Ohio and GTE
23 North territory in Ohio, wouldn't it be fair to say that the
24 behaviors that you ascribe to Sprint as compared to the
25 behaviors you ascribe to GTE have made no difference whatsoever

1 in the level of competition that both companies are experiencing
2 in their Ohio ILEC territory?

3 A. Again, I don't think you can look narrowly at Ohio
4 and -- and draw that kind of conclusion. I mean, if you look at
5 Sprint's territory in Centel, Nevada, there is very robust
6 competition there, and I think part of it is due to Sprint --
7 Sprint's local phone division's openness to do UNE combination
8 and actually treat CLECs as customers --

9 Q. Can you --

10 A. -- as opposed to competitors.

11 Q. I'm sorry.

12 A. Go ahead.

13 Q. I didn't mean to interrupt. I've done that a couple
14 times and I apologize.

15 Can you answer the question with respect to Ohio; are
16 you able to answer the question for Ohio?

17 A. I answered it for Ohio. You can't draw any type of
18 conclusion by looking narrowly at Ohio.

19 Q. I think you testified earlier that you don't have any
20 idea about the level of competition GTE is experiencing in
21 California; is that right?

22 A. I -- I don't know what percentage of market share
23 they've lost, no.

24 Q. At Page -- if you look at Page 8, Lines 17 through
25 22 -- and, again, I'm paraphrasing.

1 A. Okay.

2 Q. You talk about GTE's ability to leverage the subsidies
3 in its interstate and intrastate access rates. Do you see that?

4 A. Yes.

5 Q. Does Sprint/United have the same ability to do that in
6 Ohio that you claim GTE North does?

7 A. Again, as I stated in my initial testimony in this
8 docket, what matters is not just the level of contribution and
9 access rates; but it matters the percentage of the local market
10 that a LEC controls. And you have to look at a market region..
11 You can't just look at a small area.

12 Within the United States, Sprint only controls five
13 percent of the market. If GTE is allowed to merge with Bell
14 Atlantic/NYNEX, you now have one ILEC controlling more than
15 one-third of the access lines in the United States. It's the
16 fact that they control such a large portion of the United States
17 market that gives them that ability to successfully leverage
18 those subsidies in access to harm competition in the
19 long-distance market.

20 That's why one of the reasons why the Bell company, in
21 the MFJ, was broken up into the seven regional Bells and
22 restricted from interLATA toll, is because of the large market
23 share that they were able to control.

24 Q. GTE was never part of the Bell system, right?

25 A. That is correct.

1 Q. In fact, GTE and Sprint at one point were part of the
2 same corporation, right? Do you remember that? Maybe --

3 A. Are you referring to when we formed Sprint, the
4 long-distance company?

5 Q. I'm referring to a time in the 1980s when GTE and
6 Sprint were part of the same corporation.

7 A. Well, no, there was a -- Sprint/United Telephone local
8 was never part of GTE local. They both formed a 50/50
9 partnership to form Sprint Long Distance in 1986. Is that what
10 you're referring to?

11 Q. Well, you may have a different characterization.

12 A. Well, it's --

13 Q. My characterization --

14 A. Okay.

15 Q. -- is that Sprint and GTE were part of the same
16 corporation. Is that your understanding or not?

17 A. What I just explained --

18 THE EXAMINER: I believe he answered the question.

19 THE WITNESS: Yes.

20 BY MR. ZIPPERSTEIN:

21 Q. Did Sprint and GTE engage in a price squeeze on access
22 rates when they were affiliated in that manner?

23 A. As I'm sure you've read, the -- and I'm not a lawyer,
24 so I'll probably slaughter the different opinions, but I believe
25 it was a DOJ opinion reviewing the Sprint/GTE merger, they

1 concluded at that time that Sprint and GTE, because they
2 controlled such a small percentage of the nationwide local
3 market, were too small, too rural, did not have the ability to
4 engage in a price squeeze.

5 This is completely different from NYNEX, Bell Atlantic
6 and GTE with 33 percent of the U.S. market. They certainly have
7 bottleneck control over one-third of the U.S., and the ability,
8 in that case, to engage in a price squeeze.

9 Q. Does GTE, on a standalone basis, have the ability to
10 engage in this price squeeze that you refer to on Page 8,
11 Lines 17 through 22?

12 A. If GTE is not allowed to merge, they do not have the
13 ability to successfully carry out a full price squeeze if
14 they're not allowed to merge. And that's my concern, is that if
15 they're allowed to merge, they get this ability, all of a sudden
16 they become part of this mammoth corporation that's captured a
17 third of the U.S. On a standalone basis, we don't have a real
18 concern with that. GTE was successful in getting 2 million
19 long-distance customers.

20 Q. And they're not price squeezing today?

21 A. Because they're too small to fully carry out a price
22 squeeze. To do a price squeeze, it is more effective to have
23 both ends of the call. If you have a company that has a third
24 of the lines in the U.S., you have a higher probability of
25 getting both ends of the call.

1 MR. ZIPPERSTEIN: Can I just have one moment, your
2 Honor?

3 THE EXAMINER: Sure.

4 BY MR. ZIPPERSTEIN:

5 Q. And this harm that you talk about certainly would have
6 been one of the things that the U.S. Department of Justice would
7 have considered in its review of the alleged anticompetitive
8 effects of this merger; isn't that right?

9 A. I don't know if they considered it or not.

10 Q. Well, Sprint met with the Department and made this
11 argument. You said earlier that Sprint made the price squeeze
12 argument to the Department. And isn't it true that you would
13 have asked them to consider this harm, as well?

14 A. I have not seen the specific document that Sprint
15 filed with the DOJ; so I don't know specifically what they
16 argued. I would hope that that was one of the things that they
17 argued; but I have not specifically, similar as I have not seen
18 specific documents to Bell Atlantic and such.

19 Q. Now, your view is that the Bell Atlantic/GTE merger
20 does not satisfy the statutory requirement that is to promote
21 the public convenience here in Ohio; is that right?

22 A. Yes.

23 Q. And you understand the phrase "promote the public
24 convenience" to mean that, in some manner, that the
25 telecommunications public is better off with the merger than

1 without the merger?

2 A. Yes. Well, and better off being also no harm.

3 Q. And to the extent that the competitive harms that you
4 have alleged have been rejected by the U.S. Department of
5 Justice and by other regulators in other states where you've
6 made these arguments, you personally have made these arguments,
7 if this Commission were to, likewise, reject those allegations
8 of competitive harm, then one would look to solely determine
9 whether or not the commitments that GTE and Bell Atlantic have
10 made in this record would -- any one of them or collectively,
11 would leave the public better off with the merger than without
12 the merger. Would that be a fair statement?

13 MR. STEWART: Objection. I think that calls for a
14 legal conclusion as to what the Commission would look at.

15 THE EXAMINER: Sustain the objection.

16 BY MR. ZIPPERSTEIN:

17 Q. Now, if MCI and Sprint merge, Sprint or MCI would have
18 to file an application with this Commission in Ohio for
19 permission to consummate that transaction under the promote the
20 public convenience test; is that right?

21 MR. STEWART: Objection. Again, calls for a legal
22 conclusion.

23 In addition --

24 THE EXAMINER: If the witness knows, he can answer.

25 THE WITNESS: I don't know.

1 BY MR. ZIPPERSTEIN:

2 Q. Hypothetically, if Sprint and MCI, let's say Monday,
3 next week, were to announce a merger or an acquisition of Sprint
4 buying MCI, and an application were filed here in Ohio by virtue
5 of the fact that the Sprint/United ILEC would be subject to a
6 change of control, and in that application Sprint/United
7 indicated that as a result of the merger it would promise to
8 extend CLASS services throughout its territory within a
9 three-year period, would it be your personal opinion that your
10 Sprint/United customers would be better off with that commitment
11 or without that commitment?

12 A. That's quite an extended hypothetical, but I mean,
13 clearly if a customer doesn't have CLASS services and they get
14 them, yes, they're better off. It depends what the rollout
15 schedule of the company was; if they had planned to put them in
16 place by the end of this year and gave it up as a commitment
17 that they do it within three years or not, whether or not it's
18 really a commitment.

19 Q. And, likewise, if that application reflected a
20 commitment to an additional expenditure of \$1.5 million for an
21 enhanced Lifeline program in Sprint/United's territory, would
22 the customers benefitting from that program be better off with
23 that commitment or without that commitment?

24 MR. STEWART: Your Honor, this is a combination
25 objection/clarification. If -- If we may assume in this

1 question that counsel has as a premise that everything else is
2 equal before and after the merger and this one element is the
3 only change, then I have no objection to the question.

4 MR. ZIPPERSTEIN: I think that's what I asked.

5 THE EXAMINER: Well --

6 BY MR. ZIPPERSTEIN:

7 Q. All things being equal, Mr. Stahly, if as a result of
8 an MCI/Sprint merger, Sprint/United were to undertake an
9 additional expense of \$1.5 million for an enhanced Lifeline
10 program to reach and educate underserved customers in
11 Sprint/United's territory, would those customers be better off
12 with or without that commitment?

13 A. Well, in evaluating the public interest to any merger,
14 you do have to look at the benefit there and you have to look at
15 the competitive harm and weigh the two and see which is greater.

16 Clearly, on the benefit side, that would be a benefit.
17 Would it outweigh the harm that a GTE/Bell Atlantic merger would
18 do? I would say no.

19 Q. And just so that we don't have to go through these one
20 at a time, you would agree that all of the commitments reflected
21 in Exhibit 9 to the amended application represent benefits? And
22 your view is that they have to be weighed against the harm, I
23 understand that, but as far as benefits go, you would agree that
24 those are all benefits that would leave GTE North's customers
25 and other customers in Ohio better off with those commitments

1 than without?

2 MR. SERIO: Objection, your Honor. That assumes a lot
3 of facts not in evidence. And, in fact, I spent two days with
4 Mr. Griswold going through the -- in nauseating detail the fact
5 that a lot of those commitments were not a benefit, were less
6 than is being done now or things that were being planned
7 anyways. So to assume in the question that they are benefits
8 for the public is a fact that the Commission has to decide based
9 on the evidence that we went through with Mr. Griswold the last
10 two days.

11 MR. ZIPPERSTEIN: Excuse me. I, your Honor, did not
12 assume any fact in my question. I'm asking this witness to
13 testify that either he agrees that they are benefits or they are
14 not.

15 And I don't think it's appropriate for counsel to be
16 telling a witness who was not here throughout Mr. Griswold's
17 testimony what Mr. Griswold said. Now I'm not going to be
18 surprised at the answer at all given the speech Mr. Serio just
19 made. But I'm entitled to ask him if his opinion, as he said
20 already with a couple of these things, that they would be a
21 benefit.

22 THE EXAMINER: I'll allow the question.

23 THE WITNESS: I have not reviewed the benefit -- or,
24 excuse me. Strike that.

25 I have not reviewed the commitments in whole

1 specifically to see whether or not they are a benefit. I know
2 within the carrier-to-carrier activities and the commitments
3 that GTE offers to promote competition, I don't see anything
4 there that is necessarily a benefit unless GTE is saying they
5 will stop stonewalling the introduction of competition and do
6 what they're required to do already today under the law.

7 BY MR. ZIPPERSTEIN:

8 Q. Well, we're going to have to go through these, then.
9 You have Exhibit 9 before you?

10 A. I do.

11 Q. On the bottom of the face page do you see the heading
12 "Non-telephone Household Studies"?

13 A. I do.

14 Q. If Sprint/United were to undertake that commitment in
15 its Ohio territory, would its customers be better off with or
16 without that?

17 A. This is simply a study. It doesn't say how the
18 individual customers are going to be bettered as a result of the
19 study. I don't see any action for them.

20 Q. Does the fact that the study is going to be undertaken
21 represent something that would leave the customers better off
22 with the study or without the study?

23 A. Unless there is some action resulting from the study,
24 the customers are the same. I mean, this just simply says it
25 will do a study. It doesn't say what you're going to do for the

1 customers as a result of this study.

2 THE EXAMINER: And I just want to be sure, these
3 questions you're pursuing with the assumption that all things
4 being equal?

5 MR. ZIPPERSTEIN: Well, we had a clarification to an
6 earlier question in that regard, and just so that the record is
7 clear, your Honor, what I am asking is that if Sprint/United
8 were to make the exact same commitments in its territory that
9 GTE North is making in GTE North's territory, would this witness
10 view those commitments as leaving Sprint's customers better off
11 with them than without them.

12 THE EXAMINER: Totally outside of the context of a
13 merger, per se, looking at the overall effects but just
14 focussing on that one issue?

15 MR. ZIPPERSTEIN: Either in the context of a merger
16 or outside the context of a merger.

17 THE EXAMINER: Well, I would prefer that you try to
18 just look at it outside the context of a merger whether there's
19 a benefit.

20 MR. ZIPPERSTEIN: That's fine. We can do it that way.

21 BY MR. ZIPPERSTEIN:

22 Q. Turn to Page 2. Do you see the heading that says
23 "ADSL Deployment"?

24 A. On Page 2?

25 Q. The second page of Exhibit 9, middle of the page.

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1 A. I'm sorry, I honestly don't.

2 MR. SERIO: Off the record.

3 (Discussion held off the record.)

4 BY MR. ZIPPERSTEIN:

5 Q. Do you see the heading that says "ADSL Deployment" on
6 Page 2 in the middle?

7 A. Yes, I do.

8 Q. If Sprint/United were to offer to roll out or deploy
9 ADSL in nine exchanges over three years, would that be a benefit
10 in Sprint/United's territory?

11 THE WITNESS: Your Honor, I'm somewhat confused by the
12 question, and I'll -- and this not to be belligerent, certainly,
13 but I'm not aware of how GTE intends to fulfill this commitment
14 to know whether or not it's a benefit.

15 I have an idea of what I would like to see Sprint do
16 if it were to do this commitment, and I don't know if that would
17 be apples and oranges. So I don't want to say that, well, yes,
18 if Sprint did this, this would be great, and infer that the same
19 would hold true for GTE because I'm not fully aware.

20 Because I wasn't here for Mr. Griswold's -- all of
21 Mr. Griswold's testimony, I'm not fully aware of GTE's position
22 on how it intends to fulfill this commitment to know if it's a
23 benefit or not. And it may be something different than what I
24 would envision Sprint would do. And I don't want to infer that
25 by saying yes, that -- that the GTE idea of its commitment is

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1 appropriate.

2 BY MR. ZIPPERSTEIN:

3 Q. Turn to Page 3.

4 THE EXAMINER: Of?

5 MR. ZIPPERSTEIN: Of Exhibit 9. Thank you, your

6 Honor.

7 BY MR. ZIPPERSTEIN:

8 Q. Do you see the heading -- the second heading on the
9 page that says, "Maintenance Focus"?

10 A. Yes.

11 Q. And isn't it true that this commitment will leave GTE
12 North's customers better off after the GTE/Bell Atlantic merger
13 than they are today?

14 A. Again, I don't know if GTE may already be required to
15 do this and maybe their systems are below standard and this is
16 simply getting them up to where they should be anyway,
17 regardless of the merger. I don't know. I don't have a
18 benchmark to put this against.

19 Q. So other than -- And I don't -- I don't want to
20 belabor this.

21 A. Right.

22 Q. But it sounds to me like you're saying you really
23 don't have sufficient information to be able to judge any of
24 these commitments in the context of the GTE/Bell Atlantic merger
25 except the carrier-to-carrier ones that you identified.

1 A. I looked at the carrier to carrier. A number of
2 these, you know, in regards to where GTE is today and where they
3 should be already absent the merger, I don't know. So, yes.

4 MR. ZIPPERSTEIN: Could I have just a second, your
5 Honor?

6 THE EXAMINER: Sure.

7 BY MR. ZIPPERSTEIN:

8 Q. Has GTE North been blocking competition in the
9 intraLATA toll market in Ohio?

10 A. I know they tried to block it in Missouri; but as to
11 Ohio specifically, I don't know.

12 MR. ZIPPERSTEIN: I move to strike the reference to
13 Missouri, your Honor. The question was Ohio specifically.

14 THE EXAMINER: I'll sustain.

15 MR. ZIPPERSTEIN: Can I have just a moment?

16 THE EXAMINER: Sure.

17 MR. ZIPPERSTEIN: I think I'm at the end.

18 THE EXAMINER: Okay.

19 MR. ZIPPERSTEIN: Thank you, Mr. Stahly. I have no
20 further questions.

21 And I again want to apologize for interrupting you
22 those few times. I did not mean to do it.

23 THE EXAMINER: Mr. Walker?

24 MR. WALKER: Yes. Very briefly, your Honor.

25

- - -

1 CROSS-EXAMINATION

2 BY MR. WALKER:

3 Q. Mr. Stahly, a few times during your testimony you
4 alluded to the breakup in 1984 of --

5 A. Yeah.

6 Q. -- the AT&T system into seven regional Bell operating
7 companies.

8 A. Right.

9 Q. Do you recall that?

10 A. Yes.

11 Q. And you specifically referred to it, I believe a few
12 times, as evidence that having seven RBOCs was viewed as
13 superior to some lesser number on the grounds it would help
14 prevent anticompetitive behavior; is that fair?

15 A. Yes.

16 Q. Is it your testimony today that the Department of
17 Justice, in fact, supported or required seven regional Bell
18 operating companies on the grounds that a lesser number would be
19 not as procompetitive?

20 A. I don't know what basis that they came to the number
21 seven.

22 Q. In fact, Mr. Stahly, isn't it the case that the
23 Department of Justice was willing to have a lesser number of
24 regional Bell operating companies put in place, and that it was
25 the decision of AT&T as to the appropriate number to establish?

1 MR. STEWART: Objection. The witness said he doesn't
2 know.

3 THE EXAMINER: If the witness knows; if he doesn't, he
4 can reiterate his prior response.

5 THE WITNESS: I don't know why they chose seven exact.
6 I mean, clearly the assumption was one giant Bell company was
7 not going to work if they divested them from long-distance and
8 allowed the other market to go, and for whatever reason, the
9 number seven was what they chose. I don't know specifically why
10 that; why not more, why not less.

11 BY MR. WALKER:

12 Q. Okay. So, in fact, when you previously testified that
13 seven is the appropriate number to prevent the anticompetitive
14 behavior you talked about, that was just your opinion; you were
15 not implying that was what the Department of Justice concluded,
16 are you?

17 MR. STEWART: Your Honor, could we have a reference to
18 where Mr. Stahly said seven was the appropriate number?

19 MR. WALKER: I don't have the transcript of today in
20 front of me, your Honor, but a few different times Mr. Stahly
21 expressly stated that's the reason they established seven
22 regional Bell operating companies. If his testimony now is you
23 didn't mean to say seven and that you just meant to say that's
24 why they broke up AT&T into several companies, that's fine.

25 THE EXAMINER: If the -- If the witness doesn't agree

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1 with the premise of the question, he can so state.

2 THE WITNESS: I don't agree with your characterization
3 of my question -- or, my responses. I mean --

4 BY MR. WALKER:

5 Q. Okay. So --

6 A. I meant that they broke it up. Seven was the number
7 they broke it up into. Could have been six, could have been
8 eight, could have been ten, four, you know. We don't know why
9 they chose that number they did.

10 Q. Well, in fact, Mr. Zipperstein has helpfully pointed
11 me to a portion of your testimony, Page 10 --

12 THE EXAMINER: Which testimony?

13 BY MR. WALKER:

14 Q. -- of your supplemental direct testimony, Mr. Stahly,
15 Lines 14 through 17, where you make the statement, "Regulators
16 have been down this path before and wisely chose to break up the
17 nationwide Bell local monopoly into seven smaller regional
18 operating companies that each only controlled 14 percent of the
19 United States market, not 33 percent"; do you recall that, or do
20 you see that?

21 A. Yes, I do.

22 Q. Now, based upon your testimony just now, is it your
23 view that there was no particular magic to the number seven as
24 selected by the Department of Justice versus some lesser or
25 greater number in order to guard against the anticompetitive

1 effects you articulate?

2 A. Again, let me explain my understanding. I don't know
3 why precisely seven. I think it's obvious that just one Bell
4 national monopoly local company wasn't going to work and that
5 they felt they needed to break it into smaller pieces. Why
6 seven and not six or nine or ten, I don't know specifically why
7 that.

8 Q. Would it be --

9 A. But it seems to me that we're getting -- By these
10 mergers, we're getting too close to too large of a company.

11 Q. Okay. You stated you don't know why the Department of
12 Justice --

13 A. Chose seven.

14 Q. -- chose seven.

15 A. Right.

16 Q. Would it be helpful to your analysis to know why the
17 Department of Justice chose a particular number or options the
18 Department of Justice provided to AT&T as to an appropriate
19 number?

20 A. I would have liked to have seen that. I mean, I tried
21 to research and find the files we could on that. There's not a
22 lot of records left.

23 Q. We'll see if we can help you out on rebuttal,
24 Mr. Stahly. Thank you.

25 MR. WALKER: I have nothing further.

1 THE EXAMINER: Anything from any of the intervenors?

2 MR. TRABARIS: Your Honor, I have a couple questions.

3

4 CROSS-EXAMINATION

5 BY MR. TRABARIS:

6 Q. Good morning, Mr. Stahly. I'm Doug Trabaris. I'm an
7 attorney with AT&T.

8 A. Good morning.

9 Q. I'd like to give you a hypothetical.

10 A. Okay.

11 Q. Seems you've got at least a couple of those today
12 already.

13 A. One or two.

14 Q. Let's assume that GTE North had a long-distance
15 affiliate, and for the sake of this question we'll call it GTE
16 Communications Corporation.

17 A. Okay.

18 Q. And let's say that this GTE Communications Corporation
19 only offered -- only actively sought after and provided
20 long-distance service in the serving territory of its ILEC
21 affiliate, GTE North. Are you following me so far?

22 A. Yes.

23 Q. In this instance, is it your testimony that GTE could
24 engage in a price squeeze?

25 MR. ZIPPERSTEIN: Objection. For the record, this is

1 not cross-examination; this is friendly, leading, direct-type
2 questioning from a party against whom this testimony was not
3 offered, and I would object on that basis.

4 THE EXAMINER: Mr. Trabaris?

5 MR. TRABARIS: Your Honor, there is no such thing as
6 friendly cross objection. If counsel can point me to a friendly
7 cross objection in the rules of -- of trial procedure, I could
8 be curious to see it.

9 However, Mr. Stahly's testimony is not necessarily the
10 position of AT&T on this issue, so I think it's an improper
11 characterization to say this is friendly cross.

12 THE EXAMINER: I'll allow the question; however, I
13 would like you to make sure that you're not using scenarios that
14 could not exist in the State of Ohio.

15 MR. TRABARIS: That's why I specifically tied this
16 scenario to an Ohio-specific one, using GTE North.

17 BY MR. TRABARIS:

18 Q. So using that as the Ohio serving territory of GTE
19 North --

20 MR. LODGE: And I apologize. Could I ask to have the
21 question reread?

22 THE EXAMINER: Sure.

23 (Record read back as requested.)

24 MR. TRABARIS: Do you want me to reask the question?

25 THE EXAMINER: If that would be easier.

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1 MR. TRABARIS: That one got a little garbled. I'm
2 sorry.

3 BY MR. TRABARIS:

4 Q. Let me give you a hypothetical, Mr. Stahly. Assume
5 for the purpose of answering this question that GTE North in
6 Ohio had a long-distance affiliate, and this long-distance
7 affiliate -- we can just call it GTE Long Distance, actually --
8 only offered long-distance service in the Ohio territory of GTE
9 North.

10 Are you following that so far?

11 A. Yes.

12 Q. In that instance, could GTE engage in a price squeeze?

13 MR. ZIPPERSTEIN: Same objections.

14 THE EXAMINER: So noted.

15 THE WITNESS: Okay. Let me lay out some differences
16 between Sprint and GTE. Sprint, as you're aware, goes after a
17 national market. Curiously, perhaps not curiously, GTE went
18 after only its own local customers to offer long distance.

19 When they first entered the market, they offered their
20 customers a 50 percent discount off the rates even though at
21 that time, which is February '96, they didn't have any
22 facilities of their own with which they could reduce costs. And
23 such, they were simply a reseller of service. Hence, the only
24 way that GTE could offer such a discount is either they're
25 sustaining a loss in their long-distance affiliate or they're .

1 taking advantage of the fact that they would have originating
2 access charged on their end of the call and they're simply
3 looking to leverage that advantage.

4 So my concern with the merger is, is not only now will
5 they have the originating end of the call with GTE North in
6 Ohio, but clearly with their close proximity to Pennsylvania and
7 really the whole east coast region, they will now, as a merged
8 entity, also have more than likely a significant percentage of
9 their calls on the terminate -- go to -- terminating to GTE/Bell
10 Atlantic/NYNEX-type customers. So now they have that ability to
11 leverage access on both ends of the call; the originating end
12 and on the terminating end.

13 And by "leveraging", I mean that they're paying access
14 to themselves where it's not -- it's just -- just a booking cost
15 internally within the company and not an out-of-pocket cost
16 someone such as a national player like Sprint would incur.

17 BY MR. TRABARIS:

18 Q. So that's "yes" to my question?

19 A. Yes.

20 MR. TRABARIS: Thank you. No further questions.

21 THE EXAMINER: Anything further?

22 MS. BAIR: I have a question, your Honor.

23 THE EXAMINER: Sure.

24

25

CROSS-EXAMINATION

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1 BY MS. BAIR:

2 Q. My name is Jodi Bair and I represent the staff.

3 A. Good morning.

4 Q. You have suggested third-party testing on GTE's
5 system; is that correct?

6 A. Yes.

7 Q. Are --

8 THE EXAMINER: If I could ask a clarification, you've
9 used this "term-third-party testing". I want to make sure I
10 understand the context in which you're using it.

11 THE WITNESS: Okay. Simply that there would be an
12 independent audit of the company's OSS systems to make sure that
13 they truly are sufficient for CLEC competition; that the -- the
14 preordering, the ordering, the billing, the maintenance and
15 repair, all those systems work seamlessly so that a CLEC
16 competitor, when they enter the market, can use those systems
17 and -- and, you know, serve their customers on the same type
18 parity basis that GTE would provide for itself.

19 THE EXAMINER: I'm sorry.

20 BY MS. BAIR:

21 Q. Are you recommending that GTE have a third-party
22 testing such as that was done on Bell Atlantic's system in
23 New York?

24 A. Yes.

25 Q. Is there something short of that extensive testing

1 that you believe would be adequate to test an OSS system?

2 A. I'm not familiar enough with all the OSS tests that
3 have been run around the country. I know in Texas our CLEC
4 folks were concerned that the Texas test of Southwestern Bell's
5 system was not sufficient, and that their position was is that
6 we should really use -- test that thoroughly as the New York
7 Commission did. If there's a lesser standard, I'm not aware of
8 it, of what our CLEC would want to push for.

9 THE EXAMINER: Again, just so that the record is
10 clear, what is your understanding of what New York utilized for
11 third-party testing?

12 THE WITNESS: Again, I don't know all the details, but
13 my understanding was it was a fairly thorough test, it tested
14 all of the different order processes within -- within the NYNEX
15 system. Plus the auditor that acted as a CLEC, it's my
16 understanding was that they were unbeknownst to the Bell
17 Atlantic company; and that whereas in the -- the Dallas test,
18 that they were basically groomed orders that were cleaned up,
19 there were no problems, no errors so that they would have a much
20 higher success of going through than in the real world where
21 there may be differences and such.

22 BY MS. BAIR:

23 Q. You talked about an audit, and I just want to clarify.
24 Is there a difference between an audit and a test?

25 A. Well, I'm using them interchangeably.

1 MS. BAIR: Thank you. I don't have anything else.

2 THE EXAMINER: Mr. Stewart?

3 MR. STEWART: Thank you, your Honor.

4 - - -

5 REDIRECT EXAMINATION

6 BY MR. STEWART:

7 Q. Mr. Stahly, you were asked some questions regarding
8 your knowledge of any documents that would indicate a present
9 intention on behalf of Bell Atlantic to compete in GTE North's
10 Ohio territory; is that correct?

11 A. Yes.

12 Q. Even if Bell Atlantic had no present intent to compete
13 in GTE North's Ohio territory, if this merger were disallowed,
14 could that intention change?

15 A. I certainly think it could change. I would certainly
16 expect -- GTE has talked about needing to be a national
17 player -- or, excuse me, Bell Atlantic has talked about needing
18 to be a national player and that if the merger were denied, they
19 would seek to start building out on their national -- national
20 plan. They certainly could change their mind and do that if
21 such is the case, if they haven't already.

22 Q. You were also asked some questions regarding your
23 testimony on Page 7 regarding brand recognition; do you recall
24 that?

25 A. Yes, I do.

1 Q. Now, counsel asked you specifically about the Bell
2 Atlantic name, and I direct your attention to Page 7, Line 12 of
3 your testimony.

4 A. Correct.

5 Q. In your mind, is there a distinction between comparing
6 the Bell Atlantic, those two words, as a brand name and its
7 recognition, vis-a-vis Sprint, for example, and the single world
8 Bell brand with, say, Sprint?

9 A. I think the Bell brand has a very broad and positive
10 brand recognition throughout the U.S. And Bell Atlantic, by
11 virtue of being a Bell company, one of the benefits they got was
12 the goodwill or the brand recognition that comes with the Bell
13 name, and it's -- it's widely recognized.

14 Q. Do you think the -- the Bell brand is as valuable in
15 Ohio as the Sprint brand?

16 MR. ZIPPERSTEIN: Just, excuse me, a clarification.
17 Are we talking about a particular company, or are we just
18 talking about the word "Bell" without reference to a particular
19 company?

20 MR. STEWART: My question has to do with a company
21 that's able to use the "Bell" name in its name.

22 THE EXAMINER: Would that include Cincinnati Bell
23 Telephone?

24 MR. STEWART: Yes.

25 THE EXAMINER: So it's not just one of the RBOCs,

1 per se?

2 MR. STEWART: That is correct. Although, except for
3 Cincinnati Bell, I'm not aware of anyone else besides an RBOC
4 who can use that name.

5 THE EXAMINER: But you're including Cincinnati Bell in
6 that definition?

7 MR. STEWART: Yes, I will.

8 MR. ZIPPERSTEIN: Thank you.

9 THE WITNESS: Again, I would say that the Bell name is
10 a very strong and a very positive brand recognition in Ohio.

11 BY MR. STEWART:

12 Q. Do you know whether GTE previously owned, in its
13 entirety, the Sprint long-distance operation?

14 A. GTE owned 50 percent of it, of the partnership in '86.

15 Q. Do you know whether, prior to that, GTE owned it all?

16 A. I don't believe they did.

17 Q. Do you know whether there ever existed a federal
18 consent decree with respect to GTE and Sprint?

19 A. Yes. At the time that we formed the 50/50 partnership
20 to do Sprint long-distance, there was a consent decree then.

21 Q. Do you have any knowledge regarding the terms of that
22 consent decree and what it was intended to do?

23 A. It's been a while since I have read it, but,
24 generally, from what I recall from it, it was basically a
25 Department of Justice review of the -- of the partnership and

1 whether or not there were any antitrust concerns. And they
2 concluded that because Sprint and a combined GTE at that time
3 were so small and rural, that a -- there wouldn't be any
4 anticompetitive effect.

5 Q. Turning to the line of questioning that had to do with
6 the value of commitments by GTE. And I'd like you to put aside
7 this notion of holding all other things equal.

8 A. Okay.

9 Q. In order to determine whether a commitment was a
10 benefit, would one need to know whether the action encompassed
11 by the commitment is one that would have been taken in any event
12 absent the merger?

13 A. Yes. I mean, if Bell Atlantic commits to do something
14 they are already going to do, then the fact that they are
15 restating that in a merger really doesn't provide any additional
16 benefits to ratepayers from the merger.

17 Q. In your answer, you used the -- the name Bell
18 Atlantic. Does you mean GTE or would it also apply to GTE?

19 A. Well, GTE also, yes.

20 Q. In evaluating whether a commitment constituted a
21 benefit, would it be valuable to know whether the action
22 encompassed within that commitment is an action that, in the
23 absence of the merger, was legally required to be taken?

24 A. Yes, it would.

25 Q. And if such an action were legally required to be

1 taken, would a commitment to perform that action, in your view,
2 constitute a benefit?

3 A. No. If they were already required to do that, then I
4 don't see that as a benefit of the merger simply because they're
5 fulfilling what they're required to do.

6 MR. STEWART: Thank you, Mr. Stahly.

7 Your Honor, I have no further redirect.

8 THE EXAMINER: Mr. Zipperstein?

9 MR. ZIPPERSTEIN: Can I just confer with my
10 colleagues?

11 THE EXAMINER: Sure.

12 MR. ZIPPERSTEIN: Your Honor, just a couple, if I may.

13 THE EXAMINER: Uh-huh.

14

- - -

15 RECROSS-EXAMINATION

16 BY MR. ZIPPERSTEIN:

17 Q. And I know that the hour is past noon, Mr. Stahly.

18 A. That's fine.

19 Q. You were asked by staff about third-party testing in
20 New York. And I just wanted to clarify for the record, your
21 understanding is that the third-party testing that Bell Atlantic
22 engaged in in New York was in connection with Bell Atlantic's
23 application to the New York Commission for permission to enter
24 the long-distance market under Section 271 of the
25 Telecommunications Act, right?

1 MR. STEWART: Your Honor, I think I need to object.
2 Is this to be recross of my redirect? Because if it is, I
3 didn't ask about third-party testing.

4 THE EXAMINER: I'm going to sustain that objection.

5 MR. ZIPPERSTEIN: Okay.

6 BY MR. ZIPPERSTEIN:

7 Q. Isn't it true that the Telecommunications Act of 1996
8 eliminated the GTE/Sprint consent decree?

9 A. Yes.

10 MR. ZIPPERSTEIN: Just one moment, please.

11 THE EXAMINER: Sure.

12 MR. ZIPPERSTEIN: Okay. No further questions. Thank
13 you.

14 THE EXAMINER: Anything else from any of the parties?

15 (No response.)

16

- - -

17

EXAMINATION

18 BY THE EXAMINER:

19 Q. I just had, I think, two clarifying questions.

20 A. Okay.

21 Q. On Page 16 of your testimony, on Line 20, you indicate
22 that in Ohio, GTE has refused to allow Sprint to adopt AT&T's
23 interconnection agreement.

24 A. Okay. Yes.

25 Q. What's the time frame on that?

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1 A. Actually, I believe that since that time -- Well, this
2 was written -- I think the last attempt was back in May. Last I
3 checked, I believe it was back in May.

4 Q. May. Of '99?

5 A. Yes.

6 THE EXAMINER: That's all I had. Based on that one
7 question, is there any follow-up?

8 MR. STEWART: No, sir.

9 THE EXAMINER: There being none, thank you very much;
10 Mr. Stahly.

11 THE WITNESS: Thank you.

12 (Witness excused.)

13 THE EXAMINER: Mr. Stewart.

14 MR. STEWART: I previously moved it and would renew
15 that motion then.

16 THE EXAMINER: Thank you. Any objections?

17 MR. ZIPPERSTEIN: I would renew the motion to strike I
18 made with regard to the discussion of the UNE platform on the
19 page and line numbers where I indicated previously.

20 THE EXAMINER: So noted.

21 Any from any other party?

22 (No response.)

23 THE EXAMINER: There being none, then Sprint Exhibit
24 No. 3 shall be admitted as part of the record at this time.

25

1 Thereupon, Sprint Exhibit No. 3
2 was received into evidence.

3 - - -

4 THE EXAMINER: Okay. We have Mr. Gillan's testimony
5 for this afternoon. Why don't we take a break until about 1:15
6 and then reconvene at that time.

7 (Luncheon recess taken.)

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1 P R O C E E D I N G S

2 - - -

3 Friday, October 1, 1999

4 Afternoon Session

5 - - -

6 THE EXAMINER: Why don't we go back on the record at
7 this time.

8 Mr. Lodge, did you have a clarification that needed to
9 be made?

10 MR. LODGE: Yes. One pending item that related to
11 Mr. Griswold's testimony at Page 11, and specifically the
12 commitment relating to the three-year review of 25 exchanges per
13 year.

14 On Line -- sentence beginning on Line 15 and going
15 through Line 19, question was whether the reference there to the
16 month of December meant only a one-month review or something
17 different.

18 The intention of the company is in the month of
19 December to look back 12 months, but the month of December is
20 the month at which that look back will take place.

21 THE EXAMINER: And that is not only their intention,
22 but that is actually part of their commitment?

23 MR. LODGE: Yes.

24 THE EXAMINER: Any other matters that we have to deal
25 with before we get to Mr. Gillan?

1 MR. LODGE: Can I ask on the record, your Honor, if we
2 can confirm that the organizational chart that we identified on
3 break is acceptable to the Bench?

4 THE EXAMINER: At this time I would say that's
5 correct.

6 MR. LODGE: Okay.

7 THE EXAMINER: Assuming I can read the small print.

8 There being nothing further at this time,

9 Mr. Trabaris, you could call your witness.

10 MR. TRABARIS: Thank you, your Honor. AT&T calls as
11 its witness Mr. Joseph Gillan.

12 THE EXAMINER: Please rise.

13 Please raise your right hand.

14 (Witness placed under oath.)

15 THE EXAMINER: Please be seated.

16 - - -

17 Thereupon, AT&T Exhibit No. 5 was
18 marked for purposes of identification.

19 - - -

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25

1 JOSEPH GILLAN

2 of lawful age, being first duly placed under oath, as prescribed
3 by law, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. TRABARIS:

6 Q. Please state your name and business address for the
7 record, please.

8 A. Joseph Gillan, P.O. Box 541038, Orlando, Florida
9 32854.

10 Q. By whom are you employed?

11 A. I'm self-employed.

12 Q. Do you have before you a document entitled
13 "Supplemental Direct Testimony of Joseph Gillan on Behalf of
14 AT&T Communications of Ohio, Inc." that's been marked by the
15 reporter as AT&T Exhibit 5?

16 A. Yes.

17 Q. Was this document prepared by you or under your
18 supervision?

19 A. Yes.

20 Q. Do you have any additions, changes or deletions to
21 make to this document?

22 A. I have two changes. First one is on Line -- on,
23 excuse me, Page 10, Line 16. The words "so large" should be
24 stricken, and after the "a" the word "larger" should be
25 inserted.

1 And then on the next page, 11, Footnote 12 between the
2 word "a" and the word "provision", the word "similar" should be
3 inserted. And then the words "that is in some ways similar"
4 should be stricken.

5 Q. Any other changes, Mr. Gillan?

6 A. No.

7 Q. With the changes that you've noted on the record, if
8 you were asked the questions contained in AT&T Exhibit 5 today,
9 would your answers be the same?

10 A. Yes.

11 MR. TRABARIS: I would move for the admission of AT&T
12 Exhibit No. 5 and tender Mr. Gillan for cross-examination.

13 THE EXAMINER: Thank you. Who gets the honors?

14 MR. CARLISLE: (Indicating.)

15 THE EXAMINER: Mr. Carlisle.

16

17 - - -
18 CROSS-EXAMINATION

19 BY MR. CARLISLE:

20 Q. Good afternoon, Mr. Gillan. Thanks for coming.

21 Are you the same Mr. Gillan who filed direct testimony
22 earlier in this proceeding?

23 A. Yes.

24 Q. In your supplemental direct testimony, you
25 reiterated -- you reiterate your argument that after the merger,
Bell Atlantic and GTE are going to engage in what you call

1 monopoly leveraging; is that correct?

2 A. I -- I indicate that, yes.

3 Q. Okay. Have you made your monopoly leveraging argument
4 in other jurisdictions?

5 A. Yes.

6 Q. Would it be accurate to say that your monopoly
7 leveraging argument applies to any out-of-region area in the
8 country?

9 A. That Bell Atlantic/GTE intends to enter into?

10 Q. Yes.

11 A. Yes.

12 Q. Okay. So it's accurate to say that your monopoly
13 leveraging argument is national in scope?

14 A. You don't intend to enter every state, so it's not
15 national in that sense, but it applies anywhere you intend to
16 enter.

17 Q. Okay. So, for example, it would apply to Chicago?

18 A. Yes.

19 Q. And it would apply to Dallas?

20 A. Those areas of Dallas not served already by GTE.

21 Q. To the extent that it's currently out of region and
22 it's one of the 21 cities that the merged company has said it's
23 going to enter.

24 A. Yes.

25 Q. And it would also apply in Los Angeles, San Diego and

1 San Francisco?

2 A. In those areas of Los Angeles where you're not already
3 the incumbent LEC, yes.

4 Q. Okay.

5 A. And those other two cities.

6 Q. Okay. So it would be fair to say that the monopoly
7 leveraging argument isn't specific to Ohio, is it?

8 A. It's not unique here, no.

9 Q. Okay. Would you consider monopoly leveraging to be a
10 substantial anticompetitive effect of the merger?

11 A. I would, yes.

12 Q. Do you believe --

13 A. It's actually an intended competitive effect of your
14 intended behavior after the merger.

15 Q. Do you believe monopoly leveraging is an obvious and
16 direct effect of the merger?

17 A. No, not obvious.

18 Q. Well, in your supplemental direct testimony, at
19 Page 2, Lines 4 to 6, you state that, "This consequence of the
20 merger", which is -- you're referring to monopoly leveraging,
21 "should not be in question as it comes directly from the Joint
22 Applicants' own description...."

23 So are you saying here that it's facially -- on the
24 face of the joint applicants' applications and its
25 representations regarding the merger --

1 A. Yes.

2 Q. How is it not obvious?

3 A. No, I believe that -- that -- I have not heard it be
4 disputed that you intend to try and leverage these assets. What
5 I was disagreeing with is that the implication of that is
6 obvious. There's been very little national debate, I believe,
7 about this aspect of your merger. It's tied up in other issues.

8 But the issue of how you are indicating you intend to
9 behave after the merger closes and how you intend to behave in
10 these other markets that you enter has not gotten a considerable
11 amount of attention or scrutiny.

12 Q. Going to the amount of scrutiny the merger has
13 received, you're aware that the Department of Justice examined
14 the merger, correct?

15 A. Yes. But I'm not aware whether the Department of
16 Justice considered this at all.

17 Q. But do you believe the Department of Justice should
18 have acted to prevent monopoly leveraging as a substantial
19 nationwide anticompetitive effect?

20 A. I believe so, yes. I just don't have any indication
21 that this aspect of your merger was -- was considered in any
22 degree by the Department of Justice.

23 Q. But you would agree that the Department of Justice has
24 a lot of very experienced lawyers, economists and other experts
25 who have examined a lot of mergers, are very familiar with

1 anticompetitive effects, and -- You would agree with that
2 statement, wouldn't you?

3 A. Yes. But this is also a merger that's a -- that's
4 somewhat unique, the idea of large incumbent LECs coming
5 together to exploit their advantages in one market into other
6 markets, geographic markets, is -- is a very recent phenomena.

7 Q. But it --

8 A. And we haven't actually had it happen yet where we
9 can -- where the consequences of it, you know, become more
10 commonly known.

11 Q. What about the --

12 A. That's my only observation.

13 Q. What about the SBC/Pacific Telesis merger?

14 A. That was a very different merger in scale, and I quite
15 frankly at the time, I believe, purpose, as well. There was no
16 discussion in that merger, that I'm aware of, by either SBC or
17 Pacific Telesis that what their goal was was to merge and then,
18 by establishing a larger footprint, come out and compete in
19 other markets. They never said that. They never did that. So
20 that issue never was derived from that merger.

21 Q. Now --

22 A. This is an issue that comes solely really from the
23 SBC/Ameritech merger and -- and your proposed merger --

24 Q. And --

25 A. -- with you being more candid about it on the front

1 end.

2 Q. But the Department of Justice, after examining both of
3 the mergers and their anticompetitive effects, declined to
4 enjoin either -- declined to seek to enjoin either the
5 SBC/Ameritech merger or this merger; isn't that correct?

6 A. That's true. I do not know, however, whether or not
7 they thought about this aspect of the merger at all.

8 Q. Well, let's look at a more specific decision of a
9 regulatory authority that did look at it.

10 Did you testify about the merger in California,
11 Mr. Gillan?

12 A. Yes.

13 Q. And you made the same monopoly leveraging argument
14 there that you made here, didn't you?

15 A. Yes.

16 Q. Okay.

17 MR. CARLISLE: Could I have one moment?

18 THE EXAMINER: Sure.

19 MR. CARLISLE: I'd like to mark as Joint Applicants'
20 Exhibit No. 22 a document titled "Opinion of the Attorney
21 General on Competitive Effects of the Proposed Merger Between
22 GTE Corporation and Bell Atlantic Corporation" that was filed
23 before the Public Utilities Commission of the State of
24 California.

25 MR. TRABARIS: Which Attorney General are you

1 referring to?

2 MR. CARLISLE: The Attorney General of the State of
3 California.

4 MR. TRABARIS: So it's not the U.S. Department of
5 Justice?

6 MR. CARLISLE: No.

7 MR. TRABARIS: All right.

8 THE EXAMINER: It shall be marked accordingly.

9

10 Thereupon, Joint Applicants' Exhibit No. 22
11 was marked for purposes of identification.
12

13 BY MR. CARLISLE:

14 Q. Is this document an opinion of the Attorney General of
15 the State of California regarding the competitive effects of the
16 GTE/Bell Atlantic merger?

17 A. It appears to be. I've never seen this before.

18 Q. You have never read this opinion?

19 A. No.

20 Q. Regardless of whether you've read this opinion or not,
21 Mr. Gillan, are you aware of whether or not the Attorney General
22 concluded that the merger will not adversely affect competition?

23 A. No.

24 THE EXAMINER: You're not aware?

25 THE WITNESS: Not aware.

1 BY MR. CARLISLE:

2 Q. Okay. Directing your attention to Page 26 of the
3 document I've just handed you. In the paragraph immediately
4 below the title "Conclusion", first sentence, isn't this exactly
5 what the Attorney General states --

6 MR. TRABARIS: Objection. There's been no foundation
7 laid that this is, in fact, the opinion of the California
8 Attorney General. The witness has said he's never read or seen
9 this before and he's not aware of any opinion being offered by
10 the California Attorney General.

11 THE EXAMINER: Can you lay a better foundation,
12 Mr. Carlisle?

13 MR. CARLISLE: One moment.

14 (Discussion held off the record.)

15 MR. CARLISLE: I'll withdraw the question. In fact,
16 you should be able to make your 5:30 plane because we have no
17 further questions.

18 MR. WALKER: Not so fast there.

19 (Laughter.)

20 MR. CARLISLE: I have no further questions.

21 MR. WALKER: What do you mean me, Kemo Sabe?

22 MR. TRABARIS: You getting nervous, Mr. Walker?

23 MR. WALKER: Not at all.

24 I do have a few short follow-up questions of
25 Mr. Gillan.

1 THE EXAMINER: Feel free.

2 - - -

3 CROSS-EXAMINATION

4 BY MR. WALKER:

5 Q. Mr. Gillan, you mentioned that the SBC/Ameritech
6 merger also raised, in your mind, monopoly leveraging concerns
7 that you've articulated here.

8 A. Yes, I believe that it does.

9 Q. When did you first present written testimony in any
10 jurisdiction on the SBC/Ameritech merger, if you can recall?

11 A. I can't recall the date.

12 Q. Okay. Was it late '98, early '99?

13 A. It could be. I'm not very good at recalling dates.

14 Q. Okay. You do remember that you filed your direct
15 testimony in this proceeding in -- April?

16 A. I see you're as good as I am.

17 (Laughter.)

18 MR. LODGE: April, I think, is correct.

19 BY MR. WALKER:

20 Q. In April of this year?

21 A. If you say so.

22 Q. Okay. And the Department of Justice issued its
23 decision on this merger in May of this year; isn't that right?

24 A. That could be.

25 MR. TRABARIS: Which Department of Justice are you

1 referring to; the California Attorney General or the United
2 States Department of Justice?

3 MR. WALKER: The U.S. Department of justice.

4 MR. TRABARIS: Thank you.

5 MR. WALKER: Sure.

6 BY MR. WALKER:

7 Q. Let me ask you, Mr. Gillan, just to explain your
8 monopoly leveraging theory just a little bit more.

9 On Page 3 and 4 at the bottom --

10 THE EXAMINER: Of Mr. Gillan's testimony?

11 BY MR. WALKER:

12 Q. -- of your supplemental direct testimony, the bottom
13 of Page 3, Line 10, you make the statement, "Assuming that the
14 merged entity is actually committing to anything new, it is
15 important to understand the Joint Applicants' entry to these
16 markets is not beneficial if the manner of entry is through the
17 leveraging of the incumbent market power they enjoy within their
18 franchise markets"; do you see that?

19 A. Yes.

20 Q. Now, there you're specifically referring for purposes
21 of this case into Cincinnati and Cleveland; is that right?

22 A. Yes.

23 Q. Okay. And is it a fair summary to say that, as a
24 result of what you term "monopoly leveraging", you believe the
25 merged entity, when it enters into Cincinnati and Cleveland,

1 will be able to achieve more success in the marketplace than it
2 would if it was not a merged entity?

3 A. No. No. I don't know that it would achieve any more
4 success if it was or was not a merged entity. I would expect
5 that they might achieve more success if they behave
6 anticompetitively because, obviously, the reason you behave
7 anticompetitively is because you think it will work. But if you
8 just enter because you're merged, I don't know that that would
9 have any major impact. It's how you behave entering those
10 markets that creates the issue.

11 Q. Let me back up then.

12 A. And the merger is intended to give you a better
13 ability, a larger footprint, to leverage into that market.

14 Q. All right. The premise of your argument is that if
15 Bell Atlantic and GTE engage in what you refer to as monopoly
16 leveraging when they enter into Cincinnati and Cleveland, which
17 you view as an anticompetitive act, they will be more successful
18 than they would be if they did not merge and, thus, did not have
19 that monopoly leveraging advantage; is that fair?

20 A. I think you're trying to characterize my testimony to
21 miss the point. Let me make sure we're clear.

22 The merger will give you a larger monopoly footprint.
23 Now, just having a monopoly footprint doesn't give you -- a
24 larger monopoly footprint would not give you any greater
25 advantage in either Cincinnati or Cleveland, but using -- or, I

1 would say abusing, that larger monopoly footprint by tying the
2 services you offer in those markets to services that you provide
3 customers in the other areas where you hold market power, that
4 would harm competition. But you would perceive it as being more
5 successful.

6 Q. And --

7 A. So it's the opportunity and then acting on that
8 opportunity --

9 Q. Right. And --

10 A. -- which is what the condition is proposed to prevent
11 you from doing.

12 Q. And were we to act on what you view as the opportunity
13 to monopoly leverage and achieve greater success, by that you
14 mean we would have more customers entering Cleveland and
15 Cincinnati than we would if we did not merge and engage in that
16 activity; is that correct?

17 A. Well, you keep tying it to the merger but -- yes,
18 merge and engage in that type of behavior.

19 I would not be concerned about this anticompetitive
20 strategy if I thought it was a waste of time. I believe that it
21 would make you more successful but it wouldn't be in the public
22 interest because it would be harming competition.

23 Q. So the --

24 A. Your profits aren't the judge -- the standard by which
25 we judge whether this entry is good or bad.

1 Q. Do you know what percentage of the access lines
2 Ameritech/SBC, if I can lump them together, have in Cleveland
3 today?

4 A. Something asymptotically approaching a hundred
5 percent.

6 Q. So your argument is that if Bell Atlantic and GTE
7 merge and engage in what you perceive as unfair monopoly
8 leveraging, the merged company will take more market away from
9 Ameritech/SBC than if they were not allowed to merge when they
10 enter Cleveland; is that correct?

11 A. Yes. My --

12 Q. And the same --

13 A. My point, though, is that the goal is competition in
14 Cleveland and Cincinnati, not oligopoly.

15 Q. And the same answer would hold for Cincinnati; the
16 merged entity will take more market away from Cincinnati Bell
17 than they otherwise could if they were not merged?

18 A. Yes. And away from anyone else trying to compete in
19 those markets as it would -- without a franchise monopoly
20 somewhere to leverage. But you're correct, you will take more
21 from Ameritech.

22 MR. WALKER: I have nothing further, Mr. Gillan.
23 Thank you very much.

24 THE EXAMINER: Anything from any of the other
25 intervenors?

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1 MR. BERGMANN: No, your Honor.

2 MS. BAIR: No, your Honor.

3 THE EXAMINER: Anything on redirect, Mr. Trabaris?

4 MR. TRABARIS: No redirect.

5 - - -

6 EXAMINATION

7 BY THE EXAMINER:

8 Q. I did have, I believe, two or three questions.

9 On Page 5 of your supplemental direct testimony,
10 specifically on Line 2.

11 A. Yes.

12 Q. The reference to "less than 3 percent of its
13 customers' total minutes", which entity is intended to be
14 referenced by "its"?

15 A. GTE's local exchange company. In other words, GT- --
16 the amount of traffic GTE exchanged with wireless carriers
17 divided by the total amount of minutes that GTE's customers
18 created making and receiving calls, that ratio is 3 percent.

19 Q. On Page 7, Table 2.

20 A. Yes.

21 Q. Are the numbers that are reflected there just for GTE,
22 the ILEC, or does that also encompass both the ILEC's activities
23 as well as the CLEC?

24 A. GTE, the ILEC, since the CLEC is, at least to my
25 knowledge, reselling GTE, the ILEC's services, it wouldn't show

1 up in either one of these columns.

2 Q. I know that the premise of your argument is the
3 leveraging of the incumbent territory with potential activities
4 in the nonincumbent territory. What about the potential of
5 bundling within GTE's own incumbent region?

6 A. I think -- I think that would also strengthen GTE's
7 market position, which is starting, effectively, a monopoly.

8 For instance, in -- I'm going to show my ignorance of
9 GTE's cities in this state as opposed to specific ones, but
10 Marion, I don't -- you pick a GTE exchange here that has a
11 customer that also has locations in Bell -- in, say, New York
12 and a location in Texas, if this new entity goes to that
13 customer and gives them a package that includes the GTE at the
14 location in GTE North's territory here, plus its location in
15 Texas, plus its -- and I was using Texas to refer to GTE's Texas
16 territory, not SBC -- and New York, then a company trying to
17 compete with GTE North would then have to not only be able to
18 compete with GTE North on GTE North's terms here, but would also
19 have to have an opportunity to compete against that entity in
20 both Texas and New York.

21 And that's the problem, trying to be able to match
22 them footprint for footprint where they're starting out as an
23 incumbent. Nobody has the resources to create that kind of --
24 that kind of footprint today.

25 Q. I guess my question is: Are you seeking restrictions

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1 in the terms of the ability to be bundled within region?

2 A. Yes. The restriction that I was proposing would be
3 that -- that the new merged entity would be prohibited from
4 offering any service, whether it's in Cincinnati or back in the
5 original GTE North territory, where the price, term or condition
6 of service is dependent upon getting services from some other
7 franchise area.

8 Q. Okay. But what about the bundling of in-region to
9 in-region, is what I'm asking.

10 A. I thought that's what I was answering. That they
11 wouldn't be able to bundle the GTE North territory -- the
12 services in GTE North's territory with services that they offer
13 in those other regions and states, like in-region New York,
14 in-region Texas.

15 Q. Okay. That's what I was asking.

16 There is an acronym on Line 10 of Page 9, "ILEC-OPEC".
17 I know what OPEC is in one context. What is it in this context?

18 A. I was referring to it as -- as a cartel of ILECs.
19 OPEC-like.

20 Q. On Page 11, with respect to what I'll call a most
21 favored nations type of proposal that you're making, are you
22 basically saying that any Ohio new entrants should get terms and
23 conditions offered by Bell Atlantic and GTE in any state where
24 they operate as an ILEC, or where they might also operate as a
25 new entrant?

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1 A. It would -- Both. Whatever -- Whatever they're able
2 to obtain as a CLEC somewhere else or as an -- as a NEC you
3 would call them here, and whatever they offer as an ILEC in
4 other states, which is basically, as I understand it, the
5 staff's proposal and what was included in the Commission's order
6 on SBC/Ameritech, as well.

7 THE EXAMINER: Based on my limited questions, does
8 anyone have any follow-up?

9 MR. TRABARIS: Nothing further.

10 THE EXAMINER: Okay. Appreciate it.

11 THE WITNESS: Thank you very much.

12 MR. CARLISLE: If we could have one moment?

13 THE EXAMINER: Sure.

14 MR. CARLISLE: Nothing.

15 THE EXAMINER: Okay. Appreciate it, Mr. Gillan.

16 THE WITNESS: Thank you very much.

17 (Witness excused.)

18 MR. TRABARIS: I would renew my request to admit into
19 the record AT&T Exhibit No. 5.

20 THE EXAMINER: Any objection?

21 MR. WALKER: No.

22 MR. LODGE: No objection, your Honor.

23 THE EXAMINER: There being none, it shall be admitted
24 as part of the record at this time.

25

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1 Thereupon, AT&T Exhibit No. 5 was
2 received into evidence.

3

4 THE EXAMINER: Mr. Carlisle, Joint Applicants'
5 Exhibit 22?

6 MR. CARLISLE: We'll withdraw that motion to introduce
7 it, although the parties are welcome to retain theirs as
8 complimentary copies.

9 MR. TRABARIS: Most generous.

10 MR. CARLISLE: We'll take yours.

11 MR. BERGMANN: Just try and get it back.

12 (Laughter.)

13 THE EXAMINER: Why don't we go off the record for a
14 minute.

15 (Recess taken.)

16 THE EXAMINER: Why don't we go on the record.

17 Mr. Serio.

18 MR. SERIO: Thank you, your Honor. We call Kathleen
19 Hagans to the stand.

20 (Witness placed under oath.)

21

22 Thereupon, OCC Exhibit No. 44 was
23 marked for purposes of identification.

24

25

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1 KATHLEEN HAGANS

2 of lawful age, being first duly placed under oath, as prescribed
3 by law, was examined and testified as follows:

4 DIRECT EXAMINATION

5 BY MR. SERIO:

6 Q. Would you please state your name and your business
7 address for the record?

8 A. My name is Kathleen Hagans. My business address is
9 77 South High Street, 15th Floor, Columbus, Ohio 43215.

10 Q. And who are you employed by?

11 A. The Ohio Consumers' Counsel.

12 Q. Do you have in front of you a document that's been
13 previously filed with the Commission, it's marked for purposes
14 of identification as OCC Exhibit 44?

15 A. Yes.

16 Q. Would you identify that document?

17 A. That's my supplemental testimony in this proceeding.

18 Q. Ms. Hagans, did you previously file testimony in this
19 proceeding?

20 A. Yes, I did.

21 Q. And that was your direct testimony; is that correct?

22 A. Yes.

23 Q. If I was to ask you the same questions that appear in
24 OCC Exhibit 44, would your answers be essentially the same?

25 A. Yes.

1 Q. Do you have any changes or corrections to make to your
2 testimony?

3 A. No, I don't.

4 MR. SERIO: Ms. Hagans is available for
5 cross-examination, your Honor.

6 THE EXAMINER: Thank you.

7 Mr. Lodge or Mr. Walker, Mr. Mazzola? Whoever wants
8 to go first.

9

- - -

10 CROSS-EXAMINATION

11 BY MR. LODGE:

12 Q. Good afternoon.

13 A. Good afternoon.

14 Q. How are you?

15 A. Good.

16 Q. If I understand it correctly, your supplemental
17 testimony, the purpose of your supplemental testimony as
18 described on Page 2, you are not responding specifically to any
19 commitments stated in the amended joint application, are you?

20 MR. BERGMANN: Could I have the page cite again?

21 MR. LODGE: Page 2, numbered Page 2.

22 BY MR. LODGE:

23 Q. Is that correct?

24 A. Actually, I'm responding to the lack of commitments.

25 Q. Okay. So it's like Sherlock Holmes, it's the fact

1 that the dog didn't bark, that's why you're testifying, correct?

2 A. I suppose you could say it that way.

3 Q. Okay. I want to make sure I understand your -- ask
4 you your definition of transaction costs. Could you please
5 describe that for us?

6 A. Well, I describe them at the bottom of Page 2. To me,
7 they are the costs of doing the transaction of the merger in
8 terms of attorneys, financial analysis, those types of things.

9 Q. And just so I understand your logic here, what you're
10 seeking is -- Well, let me say it this way.

11 The transaction costs are what costs are incurred in
12 order to make the merger happen, correct?

13 A. Right.

14 Q. And it is because the merger happens that the
15 synergies described by Mr. Jacobi and that you address occur,
16 correct?

17 A. Yes.

18 Q. There would be no synergies were there no merger?

19 A. Right.

20 Q. It is, therefore, logically true that there would be
21 no synergies where there are no transaction costs --

22 A. Right.

23 Q. -- correct?

24 A. Uh-huh.

25 Q. It is your proposition that, notwithstanding that

1 logic, transaction costs should be paid by shareholders, whereas
2 synergies should be assigned to ratepayers, correct?

3 A. That's right.

4 Q. There is no statute in Ohio that requires that result,
5 is there?

6 A. No, but there's no statute that doesn't allow that
7 result either, and -- and where I -- to add to that logic, in
8 terms of the transaction costs, you know, even if there were no
9 synergies, the transaction costs would still occur and, in
10 addition to that, it's my belief that the transaction costs are
11 properly shareholder-related costs because the shareholders are
12 going to benefit as a result of their expectation that the value
13 of their shares is going to go up; whereas for the end users,
14 the ratepayers, the benefit to them, the only benefit that they
15 can receive is merger synergies. And so, therefore, I think
16 merger synergies are properly attributable to ratepayers.

17 Q. Are you done with that answer?

18 A. Yes.

19 Q. Okay. And I believe your answer to my question was
20 there is no statute that requires that result in Ohio, correct?

21 A. Not that I know of.

22 Q. Neither is there any regulation of this Commission
23 that requires that result in Ohio, correct?

24 A. Any rule, you mean --

25 Q. Correct.

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1 A. -- of the Commission? Not that I know of.

2 Q. Thank you.

3 Could you describe for the Attorney-Examiner what the
4 difference is between regulatory accounting and financial
5 accounting?

6 THE EXAMINER: Do you have a particular context with
7 her testimony, or just in general?

8 MR. LODGE: Just in general.

9 THE WITNESS: I guess I would do it in terms of using
10 an example. And that would be, for instance, where for the
11 company's financial books and records they're using different
12 depreciation rates than for their regulatory books and records
13 which would be indicative of what either the FCC has required
14 them to do or a state commission has required them to do so they
15 would have two separate --

16 BY MR. LODGE:

17 Q. Right. And do you know why those differences occur?

18 A. Well, there's various reasons why they occur.

19 Q. Do you -- Can you give me an example or two?

20 A. Well, for instance, with depreciation, I suppose it
21 would be possible for a state commission to have a different
22 opinion as to the proper length of the life that you're using in
23 terms of determining your depreciation rates, that type of
24 thing.

25 Q. And so if I understand your testimony correctly,

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1 financial accounting is the -- or, pardon me -- regulatory
2 accounting is the accounting system that results from the
3 regulatory obligations imposed by regulatory commissions?

4 A. I think --

5 Q. Correct?

6 A. -- that's accurate?

7 Q. Whereas financial accounting is accounting methods
8 that do not necessarily take into account obligations imposed by
9 regulatory commissions?

10 A. I think that's true.

11 Q. And the objective of financial accounting, correct me
12 if I'm wrong, please, is to accurately state the financial
13 affairs of a given enterprise?

14 A. I think that's true.

15 Q. You state in your testimony at Page 11 -- or, pardon
16 me, Page 4, middle of the page around Line 11 or 12, this
17 amortization of costs is a device that attempts to match savings
18 and costs; is that a fair statement of how you're using the term
19 "amortizing" or "amortization" in your testimony?

20 A. Yes. Yes.

21 Q. When you talk about, on Line 10, 11 and 12 of Page 4;
22 you talk about amortizing the costs over a longer period, are
23 you referring there to regulatory accounting or financial
24 accounting?

25 A. I would categorize that as regulatory accounting.

1 Q. Okay. And, in fact, Mr. Jacobi's testimony, which
2 developed the synergy numbers with which you were working, were
3 based on financial accounting, not regulatory accounting,
4 correct?

5 A. I don't know that.

6 Q. Okay. We'll allow Mr. Jacobi's testimony to speak for
7 itself.

8 But didn't he also purport to match costs with
9 revenues associated with the merger?

10 A. I don't recall that.

11 Q. Okay. Did he attempt to match merger savings with the
12 costs to incur those savings?

13 A. Are you talking about Mr. Jacobi's testimony, or the
14 company's synergy analysis?

15 Q. The company's synergy analysis that was sponsored by
16 Mr. Jacobi.

17 A. Okay. I didn't understand that.

18 Can you ask me again?

19 Q. Okay. Didn't Mr. Jacobi's synergy analysis, which was
20 sponsored through his testimony, likewise attempt to match
21 merger savings and costs incurred to achieve those savings?

22 A. I don't think it -- I don't think it does that. I
23 don't think it does that properly in terms of -- in terms of
24 looking at the synergies and how ratepayers can get the benefits
25 of those synergies, no, I don't think it does.

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1 I -- If you're -- If you're saying did Mr. Jacobi's
2 analysis represent the costs when they were actually incurred, I
3 think that that was the company's best projection as to when
4 they would be incurred.

5 But what I'm talking about is definitely a ratemaking
6 type of concept where you're -- it is appropriate in this
7 instance because the savings are going to last well into the
8 future to amortize those costs for that proper matching.

9 Q. Okay. So you just said what I thought you were trying
10 to get to; is that, in fact, your proposed adjustment of the
11 synergy analysis is a ratemaking concept, correct?

12 A. I consider it to be more of a ratemaking concept, yes.

13 Q. Okay. And that's why, on Page 5, Line 14, your
14 citation to the Cleveland Electric Illuminating case, that was a
15 rate case, right?

16 A. Yes.

17 Q. When the company prepared the synergy analysis and
18 presented it to the various boards of directors, did they say
19 this was going to be a rate case -- ratemaking analysis?

20 A. I have no idea.

21 Q. On Page 6 of your testimony you make reference to
22 testimony supplied by Mr. Banta in Illinois. Do you see that
23 reference on Lines 8 through 12?

24 A. Yes.

25 Q. In that context, he was, likewise, talking about a

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1 potential rate case in Illinois, wasn't he?

2 A. He made the statement in the context of a merger
3 proceeding, but, yes, his intention was to match the costs to
4 the savings in order to have them reflected in a future rate
5 case, if that's what you're referring to.

6 Q. Right. You have reviewed Mr. Banta's direct
7 testimony, rebuttal testimony and surrebuttal testimony, have
8 you not?

9 A. Yes.

10 Q. Okay. And, in fact, he was talking about an upcoming
11 committed-to rate proceeding in Illinois?

12 A. I don't recall whether it was submitted to --

13 Q. Okay.

14 A. -- but....

15 Q. And, likewise, your discussion of the Virginia case on
16 Pages 6 and carrying over to 7, likewise, is an adjustment for
17 ratemaking purposes in the context of the Virginia alternative
18 regulation -- alternative regulatory plan, correct?

19 A. I'm sorry, which -- which adjustment are you referring
20 to?

21 Q. Your adjustment of the synergy numbers.

22 A. No. This was in the context of a merger proceeding
23 also.

24 Q. Uh-huh. Okay. I'll direct your attention to Page 7,
25 Line 13 through 16 within the quotation of Mr. Sheull's

1 testimony?

2 A. Uh-huh.

3 Q. Do you see that reference?

4 A. Uh-huh.

5 Q. And isn't Mr. -- isn't that testimony referring to the
6 fact that merger savings realized under that method will be
7 subject to the GTE South alternative regulatory plan?

8 A. Yes.

9 Q. That is, in fact, a ratemaking plan, is it not?

10 A. That is a ratemaking plan, but -- but they were
11 talking about the synergies that would result from the merger in
12 the merger proceeding and talking about how they would be
13 reflected.

14 Q. Right. For purposes of the -- And, again, according
15 to the testimony that you have -- you have quoted, for purposes
16 of the GTE South alternative regulatory plan.

17 A. For purposes of the merger proceeding.

18 Q. Am I misquoting the quotation that you supplied in
19 your testimony?

20 A. No, but I -- But I'm not sure that you're -- I feel
21 like you're mischaracterizing what I'm saying, or maybe I'm
22 misunderstanding you.

23 Q. I am not, by any means, attempting to mischaracterize
24 what you're saying.

25 A. Okay.

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1 Q. In fact, on Line 4 of Page 7, is not the point that
2 you're making that GTE operates under an alternative regulation
3 plan in Virginia and, therefore, that the type of adjustment
4 that you -- to the synergy analysis that you're referring to
5 here is -- has been -- is appropriate to Virginia, as well? And
6 if that is a mischaracterization, please correct me.

7 A. What I'm -- What I'm referring to here and the point
8 that I'm trying to make is that in Virginia, the fact that the
9 merger savings flow through to the books and records of the
10 company in that state is a benefit in Virginia because Virginia
11 has an alternative regulation plan where excess earnings are
12 refunded to customers. Whereas in Ohio, there is no automatic
13 review of GTE's earnings and, therefore, because synergies flow
14 through to the books and records of GTE in Ohio doesn't mean
15 that the customers are going to benefit from that. That's the
16 point I'm trying to make.

17 Q. And you're familiar, of course, with the operation of
18 the GTE South alternative regulatory plan?

19 A. I'm familiar with it in that I have reviewed some of
20 the documents associated with it.

21 Q. And that flow-through is, in essence, a ratemaking
22 method, is it not?

23 A. Yes.

24 Q. Thank you.

25 On Page 8, Lines 3 through 10, you describe

1 Mr. Banta's proposed rate reduction in Illinois; do you see that
2 reference?

3 A. Yes.

4 Q. In your earlier testimony in this proceeding, you
5 acknowledge that GTE North in Ohio has, in 1999, adopted a plan
6 to reduce rates by \$20 million already, correct?

7 A. Are you referring to the fact that they filed some
8 tariff reductions during 1999?

9 Q. And -- That is what I'm referring to, yes.

10 A. Yes.

11 Q. Okay. And the impact of that was an annual rate
12 reduction of approximately -- revenue reduction of approximately
13 \$20 million, correct?

14 A. I think that's correct.

15 MR. LODGE: Okay. That's all I have.

16 THE EXAMINER: Just so that the record is clear, and I
17 don't recall the prior testimony, but you have case numbers
18 specific to those rate reductions?

19 MR. LODGE: I don't have case numbers, I do have
20 Ms. Hagans' prior testimony; and I will be happy to supply those
21 case numbers if you'd like.

22 THE EXAMINER: As long as it's in that prior
23 testimony.

24 THE WITNESS: The case numbers are not.

25 MR. LODGE: The case numbers are not. What is

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1 referred to in the prior testimony appears on Page 7, Lines 12
2 through 14.

3 THE EXAMINER: Anything from any of the other
4 intervenors?

5 MR. STEWART: No, your Honor.

6 THE EXAMINER: Anything on redirect?

7 MR. SERIO: Just a second.

8 (Pause.)

9 No, we don't have any redirect, your Honor.

10

11 EXAMINATION

12 BY THE EXAMINER:

13 Q. If you could please turn to Supplemental Exhibit
14 KLH-1a?

15 MR. LODGE: I'm sorry, your Honor, I couldn't hear
16 you.

17 BY THE EXAMINER:

18 Q. I'm sorry, KLH-1a supplemental exhibit.

19 MR. LODGE: Thank you.

20 BY THE EXAMINER:

21 Q. Could you explain to me why the five-year amortization
22 is more appropriate than the ten year?

23 A. The only -- The only reason that I recommended five
24 years over ten years is because there's prior Commission
25 precedent for it.

1 Q. But from an actual accounting perspective and from a
2 rate perspective, do you have any feelings as to whether one is
3 more appropriate, other than the precedent?

4 A. Well, given that the cost savings synergies are
5 expected to last forever, basically, I think ten years is
6 perfectly appropriate, too.

7 Q. And looking at the last column that you have where
8 it's captioned Years 3 through 5, 2000 through 2004, the numbers
9 that are under that particular column, is that cumulative for
10 those three years, or is that for each of those years?

11 A. No. The -- The numbers in each of the columns are the
12 synergies that will be achieved as of that year.

13 For instance, Years 3 and 5, the companies project
14 that they will achieve expense synergies of \$11.5 million by
15 Year 3 of the merger. By Year 3 after the close of the merger.

16 Q. Okay. Then --

17 A. And then those synergies will continue on for each
18 year after that at that level.

19 Q. Okay. So it would be applicable for Years 4 and 5, as
20 well?

21 A. Right.

22 Q. And if you could explain to me the net value added
23 revenue synergy concept.

24 A. Those synergies are -- are a result, as I understand
25 them, of the company's ability as a merged entity to be able to

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1 sell CLASS services, Caller ID, Call Waiting, and get higher
2 penetration and, therefore, get higher revenue as a result of
3 that. And the word "net" simply means that they will incur
4 expenses as a result of their increased marketing efforts in
5 order to achieve those revenue synergies. Increased marketing
6 efforts just being one example.

7 Q. What else would be included within that?

8 A. The cost to the company of turning the service on, for
9 lack of a better phrase, billing, those types of things.

10 Q. But you're indicating that the net value added
11 revenues is specific to CLASS services?

12 A. I don't know that it was specific to CLASS services.
13 I consider CLASS services, I guess, as one example of value
14 added services. It's not basic exchange service, at least that
15 wasn't my understanding. It was, you know, more the extra
16 services that they were expecting as a merged entity to be more
17 successful at marketing.

18 Q. As a result of the merger?

19 A. Yeah.

20 THE EXAMINER: Based on my questions, is there any
21 follow-up?

22 MR. LODGE: I have a couple, your Honor.

23

24 FURTHER CROSS-EXAMINATION

25 BY MR. LODGE:

1 Q. Ms. Hagans, your allocation of the revenue synergies
2 that you've described in your Footnote B wasn't supplied by the
3 company, was it?

4 A. No.

5 THE EXAMINER: Where did it come from?

6 THE WITNESS: The information in order to calculate
7 the revenue synergies as I did came from the company, but it was
8 my own methodology to use access lines to allocate the revenue
9 synergies based on access lines because the company's study did
10 not allocate revenue synergies down to the Ohio jurisdiction.

11 MR. LODGE: Okay. Just a couple more.

12 THE EXAMINER: Sure.

13 BY MR. LODGE:

14 Q. The Attorney-Examiner asked you about the difference
15 between an amortization of five years and ten years. And if I
16 understand your question -- your responses correctly, you're
17 saying it was based on precedence and, perhaps, on prior
18 practice of the Commission and your best judgment; is that a
19 fair statement?

20 A. Well, and actually I left out the fact that the
21 company itself recommended such an amortization period in
22 Illinois -- hang on -- in Illinois.

23 Q. In Illinois. And that was for ratemaking purposes,
24 correct? We already addressed that.

25 A. It was for the purpose of recognition in a subsequent

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1 rate case.

2 Q. Correct. Thank you.

3 Whereas for business purposes, the synergy analysis
4 that was sponsored by Mr. Jacobi placed all of the costs at the
5 time that they were projected to be incurred, correct?

6 A. Correct.

7 MR. SERIO: Object.

8 MR. LODGE: Thank you, your Honor. That's all I have.

9 THE EXAMINER: Any follow-up?

10 MR. SERIO: No.

11 (Witness excused.)

12 MR. SERIO: Your Honor, we would move admission of OCC
13 Exhibit 44 into the record.

14 THE EXAMINER: Any objection?

15 MR. LODGE: None.

16 THE EXAMINER: There being none, OCC Exhibit 44 shall
17 be admitted as part of the record at this time.

18

19 Thereupon, OCC Exhibit No. 44 was
20 received into evidence.

21

22 THE EXAMINER: Anything else for today? Off the
23 record. Let's go off the record.

24 (Discussion held off the record.)

25 THE EXAMINER: Why don't we just go on the record and

1 simply indicate that, based on the discussions that we've had
2 off the record, it's now apparent that AT&T's witness,
3 Ms. Conway, will be available on Tuesday morning to testify, so
4 there will be no need for us to be in hearing on Monday, and
5 instead, we will reconvene this coming Tuesday at 9:30.

6

- - -

7 (Thereupon, the hearing was adjourned at 2:25 o'clock
8 p.m. on Friday, October 1, 1999, to be reconvened at
9 9:30 o'clock a.m. on Tuesday, October 5, 1999.)

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- - -

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C E R T I F I C A T E

We, Linda D. Riffle, Registered Diplomate Reporter and
Certified Realtime Reporter, and Candace M. Hammond, Registered
Professional Reporter, hereby certify that the foregoing is a
true and correct transcript of the proceedings before the Public
Utilities Commission, State of Ohio, on Friday, October 1, 1999,
as reported in stenotype by us and transcribed by us or under
our supervision.

Linda D. Riffle
Linda D. Riffle, Registered
Diplomate Reporter and Certified
Realtime Reporter

Candace M. Hammond
Candace M. Hammond, Registered
Professional Reporter

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I N D E X

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5	Recross-examination by Mr. Serio		XI-11
	Further examination by The Examiner		XI-16
6			
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7	Direct examination by Mr. Stewart		XI-27
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8	Cross-examination by Mr. Walker		XI-90
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9	Cross-examination by Ms. Bair		XI-98
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10	Recross-examination by Mr. Zipperstein		XI-104
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	EXHIBITS	MARKED	RECEIVED
19	Joint Applicants' Exhibit No. 21 -	--	XI-21
20	Joint Applicants' Exhibit No. 22 -	XI-117	--
21	Opinion of the Attorney General on		
	Competitive Effects of the Proposed		
22	Merger Between GTE Corporation and		
	Bell Atlantic Corporation		
23			
24			
25			

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I N D E X

1			
2	EXHIBITS	MARKED	RECEIVED
3	OCC Exhibit Nos. 13 through 43 -	--	XI-23
4	CoreComm Exhibit No. 9 -	XI-25	XI-26
5	Supplemental Responses of GTE		
6	Corporation and Bell Atlantic		
7	Corporation to CoreComm, Inc.		
8	Interrogatories and Requests for		
9	Production of Documents Second Set		
10	Sprint Exhibit No. 3 -	XI-27	XI-107
11	Supplemental Direct Testimony of		
12	David E. Stahly on Behalf of Sprint		
13	Communications Company, L.P. and		
14	United Telephone Company of Ohio,		
15	dba Sprint		
16	AT&T Exhibit No. 5 -	XI-109	XI-128
17	Supplemental Direct Testimony of		
18	Joseph Gillan on Behalf of AT&T		
19	Communications of Ohio, Inc.		
20			
21			
22			
23			
24			
25			

EXHIBITS

CASE NUMBER

98-1398-TP-AMT

THE FOLLOWING EXHIBIT (S) WERE PREFILED AND CAN BE
LOCATED IN THE PLEADINGS.

<u>EXHIBIT</u>	<u>DATE FILED</u>
Joint Applicants' Exhibit No. 21 -	7-28-99
Joint Applicants' Exhibit No. 22 - Opinion of the Attorney General on Competitive Effects of the Proposed Merger Between GTE Corporation and Bell Atlantic Corporation	7-28-99
OCC Exhibit Nos. 13 through 43 -	10 Be scanned
CoreComm Exhibit No. 9 - Supplemental Responses of GTE Corporation and Bell Atlantic Corporation to CoreComm, Inc. Interrogatories and Requests for Production of Documents Second Set	10 Be scanned
Sprint Exhibit No. 3 - Supplemental Direct Testimony of David E. Stahly on Behalf of Sprint Communications Company, L.P. and United Telephone Company of Ohio, dba Sprint	9-17-99
AT&T Exhibit No. 5 - Supplemental Direct Testimony of Joseph Gillan on Behalf of AT&T Communications of Ohio, Inc.	9-17-99

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 225:

What was the Company's total capital investment in Ohio in:

- a) 1996;
- b) 1997;
- c) 1998;
- d) 1999, to date; and
- e) As budgeted for 2000?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) In addition to the general objections, GTE objects to this request to the extent that it seeks information generated before January 1, 1997, on the grounds that it is overly broad, unduly burdensome and irrelevant.
- b) 1997 = \$105.2 million
- c) 1998 = \$167.3 million
- d) 7/99 YTD = \$83.8 million
- e) Capital projections for year 2000 in Ohio have not yet been determined.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 159:

For each interoffice route that is fiber, please indicate:

- a) When the fiber was installed;
- b) The cost of installing the fiber;
- c) The decision-making process which was used to select which routes were chosen to have fiber installed; and
- d) The decision-making process, which was used to select the order of routes to have fiber installed?

RESPONSE TO INTERROGATORY NO. 159:

GTE hereby incorporates the general objections stated above. GTE further objects on the grounds that the request is overly broad and unduly burdensome in that it seeks information prior to January 1, 1997, the information is not readily available in Company records and its compilation would require the expenditure of significant time and effort to review site specific work order detail. Further, the information requested is irrelevant and not designed to lead to the discovery of admissible evidence in this proceeding. Subject to and without waiver of the general objections, GTE responds as follows:

- a) GTE has been installing fiber cable in Ohio over the past 14 years, i.e., since 1985. It is estimated that fiber is installed in over 80% of the interoffice routes in GTE North's Ohio territory.
- b) GTE objects to this request on the grounds discussed above.
- c) GTE's provisioning of fiber facilities is based on exhaust due to interoffice growth and the demand for high bandwidth services.
- d) GTE's provisioning of fiber facilities is based on exhaust due to interoffice growth and the demand for high bandwidth services.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 160:

For each interoffice route that is not fiber, please indicate:

- a) What is used instead of fiber; and
- b) Estimated cost of replacing it with fiber?

RESPONSE TO INTERROGATORY NO. 160:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) Two (2) interoffice routes are equipped with digital radio and seventy-four (74) interoffice routes are equipped with metallic copper cable.
- b) The estimated cost of replacing the interoffice routes with fiber and associated electronics is \$10.85M. Route specific information is provided in GTE's **CONFIDENTIAL** response to OCC's Request No. 73.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 159:

For each interoffice route that is fiber, please indicate:

- a) When the fiber was installed;
- b) The cost of installing the fiber;
- c) The decision-making process which was used to select which routes were chosen to have fiber installed; and
- d) The decision-making process, which was used to select the order of routes to have fiber installed?

RESPONSE TO INTERROGATORY NO. 159:

GTE hereby incorporates the general objections stated above. GTE further objects on the grounds that the request is overly broad and unduly burdensome in that it seeks information prior to January 1, 1997, the information is not readily available in Company records and its compilation would require the expenditure of significant time and effort to review site specific work order detail. Further, the information requested is irrelevant and not designed to lead to the discovery of admissible evidence in this proceeding. Subject to and without waiver of the general objections, GTE responds as follows:

- a) GTE has been installing fiber cable in Ohio over the past 14 years, i.e., since 1985. It is estimated that fiber is installed in over 80% of the interoffice routes in GTE North's Ohio territory.
- b) GTE objects to this request on the grounds discussed above.
- c) GTE's provisioning of fiber facilities is based on exhaust due to interoffice growth and the demand for high bandwidth services.
- d) GTE's provisioning of fiber facilities is based on exhaust due to interoffice growth and the demand for high bandwidth services.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 160:

For each interoffice route that is not fiber, please indicate:

- a) What is used instead of fiber; and
- b) Estimated cost of replacing it with fiber?

RESPONSE TO INTERROGATORY NO. 160:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) Two (2) interoffice routes are equipped with digital radio and seventy-four (74) interoffice routes are equipped with metallic copper cable.
- b) The estimated cost of replacing the interoffice routes with fiber and associated electronics is \$10.85M. Route specific information is provided in GTE's **CONFIDENTIAL** response to OCC's Request No. 73.

GTE Corporation
Responses to DaRTS Data Requests
Numbers 48.0 of the Staff
Of the Public Utilities Commission of Ohio
CASE NO. 98-1398-TP-AMT
August 13, 1999

CONFIDENTIAL

CONFIDENTIAL

Infrastructure

Request No 4:

In Mr. Griswold's Supplemental Testimony (page 10, lines 4-5), he states that GTE North plans to install fiber between all offices on a going-forward basis in the GTE North Ohio service area. As of July 31, 1999, what is the percent of interoffice fiber in GTE North's Ohio public switched network, and what is the expected date for having a 100% interoffice fiber network.

Response:

GTE hereby incorporates the attached general objections. Subject to and without waiver of the general objections, GTE responds that the percent of interoffice fiber (IOF) in GTE North's Ohio network was 77% as of 12/31/98. The attainment of 100% interoffice fiber is dependent upon customer demand and growth, thus no specific date to reach 100% IOF has been established.

CONFIDENTIAL

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 261:

Please explain why the Company used a three-year period for the calculation and estimate of merger savings and costs.

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that it used a three-year period for the calculation and estimate of merger savings and costs because the August 21 Analysis concluded that it would take three years to achieve the full amount of the savings as well as to incur the implementation costs. The estimate of three years to full realization of cost savings was based on Bell Atlantic's recent experience in connection with the NYNEX merger, among other factors. It is estimated that only one-third of the potentially available expense savings could be achieved in the first year following the merger. Because all the available cost savings could be achieved within three years, the August 21 Analysis estimated savings only through the third year. It is reasonable to expect, however, that this full savings level would continue during the fourth year following the merger.

In addition, the Company refers the OCC to the response provided to Request No. 1 in the OCC's 1st set of data requests.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 274:

Have the Joint Applicants projected any merger implementation costs beyond the third year following close of the merger?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that merger implementation costs have not been projected beyond the third year following merger consummation because they do not anticipate any such costs to be incurred beyond the third year. In addition, Joint Applicants refer the OCC to the response provided to Interrogatory No. 261 in the OCC's 7th set of data requests.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 275:

Do the Joint Applicants anticipate any merger implementation costs beyond the third year following the close of the merger?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that merger implementation costs are not anticipated beyond the third year following merger consummation. In addition, Joint Applicants refer the OCC to the response provided to Interrogatory No. 261 in the OCC's 7th set of data requests and the response to Interrogatory No. 274.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 278:

Have the Joint Applicants projected any merger savings beyond the third year following close of the merger?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that there has not been a projection of merger savings beyond the third year for Ohio. In addition, Joint Applicants refer the OCC to the response provided to Interrogatory No. 261 in the OCC's 7th set of data requests, which further explains that the full savings amount is expected to continue in the fourth year and beyond.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 282:

Have the Joint Applicants projected any merger revenue synergies beyond the third year following close of the merger?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that there has not been a projection of merger revenue synergies beyond the third year following merger consummation. While it is anticipated that revenue synergies will continue beyond the third year, the achievement of any such synergies will be subject to the Company's success in the competitive marketplace.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 283:

Do the Joint Applicants anticipate any merger revenue synergies beyond the third year following the close of the merger?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that it is reasonable to anticipate merger revenue synergies will continue beyond the third year following merger consummation. In addition, Joint Applicants refer the OCC to the response to Interrogatory No. 282.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 284:

If the response to OCC Interrogatory No. 282 is negative, please explain why not.

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants refer the OCC to the response provided to Interrogatory No. 261 in the OCC's 7th set of data requests and the response to Interrogatory No. 282. In addition, Joint Applicants state that full revenue synergies are expected to be realized within 3 years of merger consummation.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 287:

Referring to page 14 of the Amended Joint Application, paragraph E. Synergies, once redundant management functions are consolidated or eliminated, will the resulting savings continue on an annual basis?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that it is reasonable to expect that once redundant management functions are consolidated or eliminated, the resulting savings will continue thereafter.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 290:

Referring to page 14 of the Amended Joint Application, paragraph E. Synergies, once redundant headquarter costs are consolidated or eliminated, will the resulting savings continue on an annual basis?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that it is reasonable to expect that once redundant headquarters costs are consolidated or eliminated, the resulting savings will continue thereafter.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 293:

Referring to page 14 of the Amended Joint Application, paragraph E. Synergies, once redundant capital and purchasing programs are consolidated and eliminated, will the resulting savings continue on an annual basis?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that it is reasonable to expect that once redundant capital and purchasing programs are consolidated or eliminated, the resulting savings will continue thereafter.

GTE Corporation and Bell Atlantic Corporation
Responses To The Eighth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 296:

Referring to page 14 of the Amended Joint Application, paragraph E. Synergies, once redundant development efforts for new systems and services are consolidated and eliminated, will the resulting savings continue on an annual basis?

RESPONSE:

Joint Applicants hereby incorporate the general objections stated above. Subject to and without waiver of the general objections, Joint Applicants state that it is reasonable to expect that once redundant development efforts for new systems and services are consolidated or eliminated, the resulting savings will continue thereafter.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 242:

Referring to the supplemental testimony of William Griswold at page 9, what is the estimated cost of each contemplated bill insert?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that there has been no estimate made of the cost of the bill message.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 244:

Referring to the supplemental testimony of William Griswold at page 9, what is the estimated cost of the contemplated promotional items?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that there has been no estimate made of the cost of the contemplated promotional items.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 26, 1999

INTERROGATORY NO. 207:

What was the total amount of benefits for customers from any Lifeline Program (including FCC Lifeline, FCC Link-up, Telecommunications Services Assistance, and Telecommunications Services Connector) in:

- a) Calendar year 1999 to date;
- b) Calendar year 1998;
- c) Calendar year 1997;
- d) Calendar year 1996; and
- e) How much is anticipated for Lifeline services in calendar year 2000?

RESPONSE TO INTERROGATORY NO. 207:

GTE hereby incorporates the general objections stated above. In addition to the general objections, GTE objects to this Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant. Subject to and without waiver of the general objections, GTE responds provides the following information:

<u>Program:</u>	<u>1999 YTD</u>	<u>1998</u>	<u>1997</u>	<u>Est. 2000</u>
Lifeline	\$221,590	\$400,340	\$211,562	\$460,907
Linkup	\$ 1,960	\$ 26,476	\$ 7,906	\$ 4,076
TSA	NA*	\$228,334**	\$243,077***	NA.*
SCA****	NA*	\$522,039	\$1,029,726	NA*

* Not yet available

** Amount is for July, 1997 through June, 1998, as reported to the Commission.

*** Amount is for July, 1996 through June, 1997, as reported to the Commission

**** Service Connection Assistance

GTE Corporation and Bell Atlantic Corporation
 Responses To The Sixth Set of Interrogatories and Requests For Documents
 of the Ohio Consumers' Counsel
 CASE NO. 98-1398-TP-AMT
 August 26, 1999

INTERROGATORY NO. 208:

What was the total amount of benefits for customers from GTE-North from any Lifeline Program (including FCC Lifeline, FCC Link-up, Telecommunications Services Assistance, and Telecommunications Services Connector) in:

- a) Calendar year 1999 to date;
- b) Calendar year 1998;
- c) Calendar year 1997;
- d) Calendar year 1996; and
- e) How much is anticipated for Lifeline services in calendar year 2000?

RESPONSE TO INTERROGATORY NO. 208:

GTE hereby incorporates the general objections stated above. GTE also objects to this Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant. Subject to and without waiver of the general objections, GTE provides the following for GTE North:

Federal Programs:

<u>Year</u>	<u>Link Up</u>	<u>Lifeline</u>
1999 YTD	\$ 42,974	\$1,094,934
1998	\$110,247	\$1,825,145
1997	\$ 75,079	\$ 690,793
2000 Est.	\$ 89,382	\$2,277,462

State Programs:

<u>Year</u>	<u>Lifeline</u>
1999 YTD	\$ 80,146
1998	\$130,639
1997	\$145,117
2000 Est.	\$144,433

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 149:

Please identify each of GTE-North-Ohio's central offices that is currently equipped with SS7 technology?

RESPONSE TO INTERROGATORY NO. 149:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that all of its Ohio central offices are equipped with SS7 technology with the exception of the Cooperdale and its Warsaw remote.

All Ohio central offices, including the date they have been or will be equipped with SS7 technology, are shown in Attachment 149.

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of)
Bell Atlantic Corporation and GTE Corporation)
For Consent and Approval of a Change of Control) Case No. 98-1398-TP-AMT

RESPONSES OF GTE CORPORATION TO
OHIO CONSUMERS' COUNSEL
INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
SIXTH SET
August 24, 1999

ATTACHMENT TO INTERROGATORY NO. 149

OHIO CONSUMERS' COUNSEL, 6th SET
Interrogatory No. 149

State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
OH	BRUNSWICK	GTD5EAX	AVAIL	AVAIL	AVAIL	06/15/95
OH	<BRUNSWICK EAST	AE-RSU	AVAIL	AVAIL	AVAIL	06/15/95
OH	<BRUNSWICK NORTH	AE-RSU	AVAIL	AVAIL	AVAIL	06/15/95
OH	<SHARON CENTER	AE-RSU	AVAIL	AVAIL	AVAIL	06/15/95
OH	<VALLEY CITY	AE-RSU	AVAIL	AVAIL	AVAIL	06/15/95
OH	BYESVILLE	GTD5EAX	AVAIL	AVAIL	AVAIL	02/16/97
OH	CADIZ	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BOWERSTON	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<JEWETT	SLC-5	AVAIL	Dec-99	AVAIL	01/01/94
OH	CAMBRIDGE	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BARLOW	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WATERTOWN	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BEVERLY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CALDWELL	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<DEXTER CITY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LOWELL	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LOWER SALEM	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEW CONCORD	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SUMMERFIELD	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	COOPERDALE	5ESS	Dec-99	Dec-99	Dec-99	12/99
OH	<WARSAW	5ESS-ORM	Dec-99	Dec-99	Dec-99	12/99
OH	CARROLLTON	GTD5EAX	AVAIL	AVAIL	AVAIL	11/29/96
OH	<DELLROY	AE-RSU	AVAIL	AVAIL	AVAIL	11/29/96
OH	<HARLEM SPRINGS	AE-RSU	AVAIL	AVAIL	AVAIL	11/29/96
OH	<MECHANICSTOWN	AE-RSU	AVAIL	AVAIL	AVAIL	11/29/96
OH	GARRETTSVILLE	5ESS	Dec-99	Dec-99	Dec-99	04/30/99
OH	LODI	GTD5EAX	AVAIL	AVAIL	AVAIL	08/30/96
OH	<BURBANK	AE-RSU	AVAIL	AVAIL	AVAIL	08/30/96
OH	<HOMERVILLE	AE-MXU	AVAIL	AVAIL	AVAIL	08/30/96
OH	MEDINA	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CHATHAM	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MEDINA RSU	AE-RLU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WESTFIELD CENTER	AE-RSU	AVAIL	Dec-99	AVAIL	01/01/94
OH	<SEVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SPENCER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	MINERVA	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MALVERN	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	MONTROSE	5ESS	AVAIL	AVAIL	AVAIL	02/01/95
OH	<CRESTON	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/01/95
OH	NEW PHILADELPHIA MAIN 1	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BALTIC	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BOLIVAR	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BERLIN	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BEACH CITY	AE-MXU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BREWSTER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WILMOT	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEW PHILADELPHIA MAIN DOVER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MINERAL CITY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SUGARCREEK	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<STRASBURG	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	NEW PHILADELPHIA SOUTH	5ESS	AVAIL	AVAIL	AVAIL	01/01/94
OH	<EAST ROCHESTER	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94

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State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
OH	<HANOVERTON	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NORTH GEORGETOWN	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEW PHILADELPHIA MAIN 2	5ESS-ORM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PARIS	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WINONA	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	TILTONSVILLE	5ESS	AVAIL	AVAIL	AVAIL	09/14/96
OH	<ADENA	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<AMSTERDAM	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<BERGHOLZ	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<BRILLIANT	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<DILLONVALE	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<FLUSHING	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<FREEPORT	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<KNOXVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<RICHMOND	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<SCIO	5ESS-RSM	AVAIL	AVAIL	AVAIL	09/14/96
OH	<SMITHFIELD	5ESS-RSM	AVAIL	AVAIL	AVAIL	08/30/96
OH	WELLINGTON	GTD5EAX	AVAIL	AVAIL	AVAIL	08/01/95
OH	WADSWORTH	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	ASHLAND	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CONGRESS	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<HAYESVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LOUDONVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LAKEVILLE	914E	AVAIL	Dec-99	AVAIL	01/01/94
OH	<POLK	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PERRYSVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RED HAW	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SAVANNAH	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WEST SALEM	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	BRYAN	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<EVANSPOET	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<FAYETTE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SCOTT	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	BOWLING GREEN	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<GRAND RAPIDS	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<HELENA	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<HASKINS-TONTOGANY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NORTH BALTIMORE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WESTON	AE-RSU	AVAIL	AVAIL	AVAIL	12/31/96
OH	CLYDE	GTD5EAX	AVAIL	AVAIL	AVAIL	12/31/96
OH	CURTICE-OREGON	GTD5EAX	AVAIL	AVAIL	AVAIL	12/31/96
OH	<CURTICE-OREGON MILLBURY	AE-RLU	AVAIL	AVAIL	AVAIL	12/31/96
OH	<ELMORE	AE-RSU	AVAIL	AVAIL	AVAIL	12/31/96
OH	<GENOA	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	GALION	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<CRESTLINE	AE-RSU	AVAIL	AVAIL	AVAIL	07/15/96
OH	MCCOMB	5ESS	AVAIL	AVAIL	AVAIL	07/15/96
OH	<BETTSVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/15/96
OH	<GIBSONBURG	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/15/96
OH	<PEMBERVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/15/96
OH	<VAN BUREN	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/15/96
OH	<WAYNE-BRADNER	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/15/96

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State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
		5ESS	AVAIL	AVAIL	AVAIL	02/02/98
OH	MILAN	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<BELLEVUE	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<GREENWICH	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<HURON	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<MONROEVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<OAK HARBOR	5ESS-RSM	AVAIL	AVAIL	AVAIL	02/02/98
OH	<PLYMOUTH	5ESS	AVAIL	AVAIL	AVAIL	07/14/95
OH	MONTPELIER	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<ANTWERP	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<EDON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<EDGERTON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<HICKSVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NEY	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PAYNE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PIONEER	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<WEST UNITY	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	NORWALK	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<BERLIN HEIGHTS	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NORTH FAIRFIELD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NEW LONDON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	OBERLIN	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<GRAFTON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NORTH EATON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<WAKEMAN	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	PORT CLINTON MAIN	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<CATAWBA ISLAND	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<CATAWBA ISLAND RSU	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<KELLEYS ISLAND	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<MARBLEHEAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PORT CLINTON WEST	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PORT CLINTON MAIN CHURCH ROAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PORT CLINTON MAIN BUCK ROAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<PUT IN BAY	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	SYLVANIA	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<SYLVANIA MCCORD MITCHAW ROAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	SYLVANIA MCCORD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<SYLVANIA MCCORD KING ROAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<SYLVANIA MCCORD SADALIA ROAD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	WILLARD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<ATTICA	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<BLOOMVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NEW WASHINGTON	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<REPUBLIC	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	ATHENS	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<ALBANY	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<AMESVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<SHADE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<ATHENS RSU	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<GUYSVILLE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<NEW MARSHFIELD	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	<THE PLAINS	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95
OH	BALTIMORE	5ESS-RSM	AVAIL	AVAIL	AVAIL	07/14/95

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State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
OH	<MILLERSPORT	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	<PLEASANTVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	CHESAPEAKE	GTD5EAX	AVAIL	AVAIL	AVAIL	01/14/97
OH	<BURLINGTON	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<PROCTORVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	CIRCLEVILLE	GTD5EAX	AVAIL	AVAIL	AVAIL	11/30/95
OH	<ASHVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	11/30/95
OH	<AMANDA	AE-RSU	AVAIL	AVAIL	AVAIL	11/30/95
OH	<LAURELVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	11/30/95
OH	<WILLIAMSPORT	AE-RSU	AVAIL	AVAIL	AVAIL	11/30/95
OH	GREENFIELD	5ESS	AVAIL	Dec-99	AVAIL	07/31/99
OH	<LEESBURG	5ESS-ORM	AVAIL	Dec-99	AVAIL	07/31/99
OH	<NEW VIENNA	5ESS-RSM	AVAIL	Dec-99	AVAIL	07/31/99
OH	GEORGETOWN	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<DECATUR	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<FELICITY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<HIGGINSPOET	914EX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<HAMERSVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MOUNT ORAB	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MOWRYSTOWN	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RUSSELLVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SARDINIA	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	JACKSON	GTD5EAX	AVAIL	AVAIL	AVAIL	10/31/95
OH	<JACKSON-GLADE	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	<MCARTHUR	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	<OAK HILL	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	<WILKESVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	<WELLSTON	AE-RSU	AVAIL	AVAIL	AVAIL	10/31/95
OH	LOGAN	GTD5EAX	AVAIL	AVAIL	AVAIL	01/31/96
OH	<BREMEN	AE-RSU	AVAIL	AVAIL	AVAIL	01/31/96
OH	LUCASVILLE	GTD5EAX	AVAIL	AVAIL	AVAIL	12/01/94
OH	<LUCASVILLE MCDERMOTT	AE-RSU	AVAIL	Dec-99	AVAIL	12/01/94
OH	<OTWAY	AE-RSU	AVAIL	AVAIL	AVAIL	12/01/94
OH	PIKETON	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<BEAVER	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<IDAHO	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	POMEROY	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<LETART FALLS	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<PORTLAND	SLC-5	AVAIL	AVAIL	AVAIL	09/29/95
OH	<RACINE	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<RUTLAND	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	PORTSMOUTH	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEW BOSTON	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PORTSMOUTH ROSEMONT	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PORTSMOUTH SEVENTH STREET	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SCIOTOVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SOUTH WEBSTER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WHEELERSBURG	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WHEELERSBURG DOGWOOD RIDGE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WHEELERSBURG FRANKLIN FURNACE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WEST PORTSMOUTH	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WEST PORTSMOUTH NAUVOO	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94

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State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
OH	WILMINGTON	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<BLANCHESTER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CLARKSVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LYNCHBURG	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MARTINSVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEW BURLINGTON	AE-MXU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PORT WILLIAM	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<SABINA	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	WEST UNION	GTD5EAX	AVAIL	AVAIL	AVAIL	12/31/96
OH	<MANCHESTER	AE-RSU	AVAIL	AVAIL	AVAIL	12/31/96
OH	<PEEBLES	AE-RSU	AVAIL	AVAIL	AVAIL	12/31/96
OH	<SEAMAN	AE-RSU	AVAIL	AVAIL	AVAIL	12/31/96
OH	<SINKING SPRING	AE-MXU	AVAIL	AVAIL	AVAIL	12/31/96
OH	WAVERLY	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	ARLINGTON	GTD5EAX	AVAIL	AVAIL	AVAIL	01/14/97
OH	<CAREY	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<FOREST	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<JENERA	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<MOUNT BLANCHARD	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<RAWSON	AE-RSU	AVAIL	AVAIL	AVAIL	01/14/97
OH	<WHARTON	AE-MXU	AVAIL	AVAIL	AVAIL	01/14/97
OH	CELINA	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<COLDWATER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<FORT RECOVERY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MENDON	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CELINA SOUTH	AE-MXU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MARIA STEIN	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NORTH STAR	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<YORKSHIRE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	DELAWARE	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/94
OH	<ASHLEY	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CHESHIRE CENTER POWELL ROAD	AE-MXU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<CHESHIRE CENTER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<DELAWARE WARRENSBURG ROAD	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<DELAWARE STRATFORD ROAD	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<KILBOURNE	SLC-5	AVAIL	AVAIL	AVAIL	01/01/94
OH	<OSTRANDER	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RADNOR	SLC-5	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RATHBONE CONCORD RD	914E	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RATHBONE	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/94
OH	MARION WILSON	GTD5EAX	AVAIL	AVAIL	AVAIL	03/22/95
OH	<HARPSTER	SLC-5	AVAIL	AVAIL	AVAIL	03/22/95
OH	MARION MAIN	5ESS	AVAIL	AVAIL	AVAIL	01/01/94
OH	<GREEN CAMP	5ESSSLC2000	AVAIL	AVAIL	AVAIL	01/01/94
OH	<LARUE	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<MORRAL	5ESSSLC2000	AVAIL	AVAIL	AVAIL	01/01/94
OH	<NEVADA	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<PROSPECT	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<RICHWOOD	5ESS-RSM	AVAIL	AVAIL	AVAIL	01/01/94
OH	<WALDO	5ESSSLC2000	AVAIL	AVAIL	AVAIL	01/01/94
OH	MECHANICSBURG	GTD5EAX	AVAIL	AVAIL	AVAIL	01/01/97
OH	<CATAWBA	AE-RSU	AVAIL	AVAIL	AVAIL	01/01/97

OHIO CONSUMERS' COUNSEL, 6th SET
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State	Switch Name	Technology	Caller ID Number	Caller ID Name&Number	CLASS	SS7
OH	<WOODSTOCK	914EX	AVAIL	AVAIL	AVAIL	01/01/97
OH	OXFORD	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<MORNING SUN-NORTH OXFORD	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<NORTH OXFORD	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	PLAIN CITY	GTD5EAX	AVAIL	AVAIL	AVAIL	01/31/96
OH	<RESACA	SLC-5	AVAIL	AVAIL	AVAIL	01/31/96
OH	SPENCERVILLE	5ESS	Dec-99	Dec-99	Dec-99	07/31/99
OH	<CONVOY	5ESS-RSM	Dec-99	Dec-99	Dec-99	07/31/99
OH	<OHIO CITY	5ESS-RSM	Dec-99	Dec-99	Dec-99	07/31/99
OH	<WILLSHIRE	5ESS-RSM	Dec-99	Dec-99	Dec-99	07/31/99
OH	ST. MARYS	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<MINSTER	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<NEW BREMEN	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	TIPP CITY	GTD5EAX	AVAIL	AVAIL	AVAIL	11/01/94
OH	<TIPP CITY RSU	AE-RSU	AVAIL	AVAIL	AVAIL	11/01/94
OH	<WEST MILTON	AE-RSU	AVAIL	AVAIL	AVAIL	11/01/94
OH	TROY	5ESS	AVAIL	AVAIL	AVAIL	12/01/94
OH	<ENGLEWOOD	5ESS-RSM	AVAIL	AVAIL	AVAIL	12/01/94
OH	<GRATIS	5ESS-RSM	AVAIL	AVAIL	AVAIL	12/01/94
OH	<LAURA	5ESS-ORM	AVAIL	AVAIL	AVAIL	12/01/94
OH	<LIBERTY	5ESS-RSM	AVAIL	AVAIL	AVAIL	12/01/94
OH	<LEWISBURG	5ESS-RSM	AVAIL	AVAIL	AVAIL	12/01/94
OH	<PHILLIPSBURG	5ESS-RSM	AVAIL	AVAIL	AVAIL	12/01/94
OH	TROTWOOD	GTD5EAX	AVAIL	AVAIL	AVAIL	09/29/95
OH	<BROOKVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<FARMERSVILLE	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<NEW LEBANON	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<TROTWOOD RSU	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95
OH	<WEST ALEXANDRIA	AE-RSU	AVAIL	AVAIL	AVAIL	09/29/95

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INTERROGATORY NO. 150:

Referring to the response to OCC Interrogatory No. 149, please identify any central office equipped with SS7 technology that does not currently offer Caller ID service?

RESPONSE TO INTERROGATORY NO. 150:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that the following Central Offices, equipped with SS7 technology, do not currently offer Caller ID include:

Garrettsville
Spencerville
Convoy
Ohio City
Willshire

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INTERROGATORY NO. 151:

Referring to the response to OCC Interrogatory No. 150:

- a) Explain why those central offices equipped with SS7 technology do not offer Caller ID;
- b) Provide a cost estimate to make those central offices equipped with SS7 technology that do not offer Caller ID service capable of offering Caller ID;
- c) Explain the process to make those central offices with SS7 technology that do not offer Caller ID service capable of offering Caller ID service; and
- d) Indicate whether the Company has plans currently in place to enable those central offices that have SS7 technology that do not offer Caller ID service but are capable of offering Caller ID, to provide that service?

RESPONSE TO INTERROGATORY NO. 151:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) Caller ID is generally deployed 90 to 120 days after SS7 technology is installed, provided that connectivity with all connecting companies is available and if the central office is already equipped to provide the service. In the case of the offices listed in No. 150, the central offices are already equipped to provide the service, connectivity agreements are being worked on with connecting companies and Caller ID will be available to the consumers served by those central offices by year-end 1999.
- b) There is no incremental cost required to make the central offices listed in No. 150 capable of offering Caller ID.
- c) After SS7 technology is installed, and assuming the central office is capable of providing Caller ID, Caller ID and Caller ID Blocking software is enabled and both services are tested to ensure Caller ID Blocking operates properly. Customers are notified of the potential for their number (and name) to be displayed by people who have Caller ID, and the steps they can take to prevent it. This notification is sent twice within a 90 day period of time in Ohio, once 90 days in advance of Caller ID availability

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and again 30 days in advance of Caller ID availability. This satisfies customer notification requirements for both the Ohio PUC and the FCC. Caller ID is made available for sale after customer notification is complete.

- d) The company has plans to make Caller ID available in the central offices listed in No. 150 by year-end 1999. GTE refers the Ohio Consumers' Counsel to the attachment provided with the response to Interrogatory No. 149.

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INTERROGATORY NO. 154:

For any central office that is not currently equipped with SS7 technology, please indicate:

- a) If it is scheduled to receive an upgrade;
- b) When is the upgrade scheduled;
- c) Why hasn't that central office been upgraded yet; and
- d) If it is not scheduled to receive an upgrade, please explain why?

RESPONSE TO INTERROGATORY NO. 154:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a-b) Cooperdale and its Warsaw remote are scheduled to be equipped with SS7 technology by year-end 1999.
- c) The primary determinant for prioritizing central offices for SS7 technology is requests from IXCs for SS7 Feature Group D service capabilities, as noted in response to Interrogatory No. 152b. The demand (both actual and forecasted) for SS7 technology in the Cooperdale and Warsaw offices was such that they were placed at a lower priority for SS7 deployment than other offices in Ohio.
- d) Not applicable.

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application)
of Bell Atlantic Corporation and GTE) Case No. 98-1398-TP-AMT
Corporation for Consent and Approval)
of a Change in Control)

GTE CORPORATION AND BELL ATLANTIC CORPORATION
RESPONSES TO DaRTS DATA REQUEST NUMBER 48 OF THE
STAFF OF THE PUBLIC UTILITIES COMMISSION OF OHIO
(August 13, 1999)

Infrastructure

Request No. 1:

In Mr. Griswold's Supplemental Testimony (page 9, lines 10-13), he states that within a period of 3 years after the conclusion of the merger, GTE North will ensure that all of its switching units will be capable of providing CLASS services. Given the following facts (PUCO data request 106): (a) All of GTE North's Ohio switching units are digital, (b) as of December 31, 1998, 98% of GTE North's Ohio switching units have CLASS availability, and (c) as of April, 2000, all loop carriers will be digital, please provide a comprehensive explanation of why GTE would not be able to provide CLASS services to all of its Ohio customers by April 2000.

Response:

GTE hereby incorporates the attached general objections. Subject to and without waiver of the general objections, GTE responds that its network includes a small number of pair-gain devices that are not capable of providing CLASS services. Replacement of these devices is not scheduled before April 2000; no specific schedule for their replacement has been established.

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INTERROGATORY NO. 250:

Referring to the Joint Applicants Exhibit 9, CLASS Service Feature Availability Commitment, what is the Company's current policy regarding CLASS Service Feature Availability?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that the current policy regarding CLASS availability is that CLASS will be provided in exchanges in which both the central office and the outside plant facilities are capable of providing CLASS to those customers requesting CLASS services. By contrast, the commitment in Exhibit 9 calls for CLASS to be provided to customers in exchanges in which the central office is equipped with CLASS services without the limitation of outside plant capability. In other words, if the outside plant facilities are not CLASS capable, they will be made capable so that a requesting customer will have CLASS within three days. This commitment will extend to 30 days in those areas that have not yet converted to digital carrier. Compliance with this commitment may be excused only in anomalous circumstances in which necessary equipment is unavoidably unavailable, and GTE will report all such anomalies.

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Infrastructure

Request No. 3:

In Mr. Griswold's Supplemental Testimony (page 10, lines 1-3), he states that the roll out for ADSL is conditioned on a 5% demand for existing ADSL services in exchanges where it has already been deployed. Please explain how the 5% would be computed. In other words, would the 5% condition have to be satisfied in each exchange that has ADSL capability, or would it be considered satisfied if 5% out of the total number of access lines that are capable of getting the ADSL service, have it.

Response:

GTE hereby incorporates the attached general objections. Subject to and without waiver of the general objections, GTE responds that the roll out for ADSL is contingent upon a 5% demand in each exchange in which ADSL has been deployed.

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INTERROGATORY NO. 245:

Referring to the response to OCC Interrogatory No. 156(b), and 156(c), why were ADSL marketing expenditures tracked by state in 1998 but not in 1999?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that while ADSL marketing expenditures were not tracked by state during 1998, there were essentially no marketing expenditures for ADSL Company-wide during that year.

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INTERROGATORY NO. 156:

For each exchange that is currently deploying ADSL technology, please describe:

- a) The Company's marketing plan for ADSL services (broken down by marketing efforts aimed at residential customers and those aimed at business customers);
- b) How much was spent marketing ADSL services in calendar year 1998;
- c) How much has been spent marketing ADSL services in 1999 to date;
- d) How much is budgeted to be spent marketing ADSL services in 2000;
- e) Describe the ADSL services offered; and
- f) Indicate the cost of each ADSL service for residential and business customers.

RESPONSE TO INTERROGATORY NO. 156:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) GTE's marketing plans for ADSL services support both residential and business customers. Marketing efforts consist primarily of direct mail to customers within three miles of ADSL equipped central offices to maximize the probability that those customers can be provided ADSL.
- b) There were no ADSL marketing expenditures for Ohio during 1998.
- c) Marketing expenditures for ADSL were not tracked by state during 1999.
- d) Budgets for 2000 are currently under development.
- e-f) The ADSL services offered and associated prices are as follows:
 - 1. Bronze (256kbps X 64kbps) \$40 monthly down to \$30 monthly depending on term and volume, which range from one unit for one year to 1500+ units for three years.

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2. Bronze Plus (768kbps X 128kbps) \$40 monthly and \$32.50 monthly on a one year contract from 1 to 1500 units. Prices drop to \$31.50 monthly based on a three year contract period and greater than 12,500 units on a graduated scale.
3. Silver (384kbps X 384kbps) \$60 monthly and \$53 monthly for a one year contract; dropping to \$44 monthly on a three year contract with over 12,500 units.
4. Gold (768kbps X 768kbps) \$80 monthly and \$68 monthly for a one year contract dropping to \$57.75 monthly on a three year contract with over 12,500 units.
5. Platinum (1.5 Mbps X 768 kbps) \$120 monthly and \$95 monthly for a one year contract, dropping to \$73.25 monthly on a three year contract with over 12,500 units.
6. Platinum Plus (1.5 Mbps X 768kbps) \$250 monthly and \$215 monthly for a one year contract dropping to \$182.75 on a three year contract with over 12,500 units.
7. Non-recurring Charges are as follows:
 - a. Network Installation = \$60
 - b. Modem Purchase = \$200
 - c. Inside Wiring Installation = \$80
 - d. Change Content Provider = \$35
 - e. Service Level Downgrade = \$35
 - f. PVC Remapping = \$6 per PVC

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INTERROGATORY NO. 204:

Referring to the Joint Applicant's Amended Joint Application-Exhibit 9, Advanced Services, please define what constitutes Advanced Services?

RESPONSE TO INTERROGATORY NO. 204:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that advanced services referenced in Exhibit 9 include services that provide high speed switched broadband capability that enables customers to originate and receive high quality voice, data, and graphics services, such as ATM (Asynchronous Transfer Mode), Video and Frame Relay.

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of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 26, 1999

INTERROGATORY NO. 206:

Referring to the Joint Applicant's Amended Joint Application-Exhibit 9, Advanced Services, using the same criteria and definition of Advanced Services:

- a) How much has the Company spent on Advanced Services deployment in calendar year 1999 to date;
- b) How much did the Company spend on Advanced Services deployment in calendar year 1998;
- c) How much did the Company spend on Advanced Services deployment in calendar year 1997;
- d) How much did the Company spend on Advanced Services deployment in calendar year 1996; and
- e) How much is budgeted for Advanced Services deployment in calendar year 2000?

RESPONSE TO INTERROGATORY NO. 206:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) The Company has spent approximately \$419,000 on Asynchronous Transfer Mode (ATM) and Frame Relay in Ohio in 1999.
- b) During 1998, the Company spent approximately \$317,000 on ATM and Frame Relay in Ohio.
- c) During 1997, the Company spent approximately \$173,000 on ATM and Frame Relay in Ohio.
- d) In addition to the general objections, GTE objects to this Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant.
- e) GTE does not have a finalized budget for Advanced Services deployment for GTE North in Ohio. However, preliminary estimates are that the

GTE Corporation and Bell Atlantic Corporation
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Company will spend at least \$700,000 on ATM and Frame Relay in Ohio during 2000. This projected spending level has not been approved by GTE management and is subject to change.

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INTERROGATORY NO. 213:

Referring to the Joint Applicant's Amended Joint Application-Exhibit 9, "Commitment to Education (schools and distance learning/computer centers)", please detail the specific dollar donations and in-kind donations made as part of the program?

RESPONSE TO INTERROGATORY NO. 213:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that Ohio University has made a decision, separate and unrelated to this proceeding, to no longer use the equipment provided by GTE North for its distance learning project in Appalachia. Thus, while GTE North stands ready to provide this equipment under the same terms and conditions as in the past, it is not expected that the University will take advantage of the Company's willingness to continue this arrangement.

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September 7, 1999

INTERROGATORY NO. 260:

Referring to the response to OCC Interrogatory No. 213:

- a) Please indicate when Ohio University informed the Company that it would no longer use the equipment supplied by GTE; and
- b) Indicate what reason Ohio University gave for that decision?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) Ohio University informed GTE that it would no longer use the equipment supplied by GTE on July 28, 1999.
- b) Ohio University said that it hopes to convert to a compressed video solution, rather than the full-motion video equipment supplied by GTE.

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Infrastructure

Request No. 5:

In Mr. Griswold's Supplemental Testimony (page 10, lines 10-14), he states that the company will commit, for three years, to continue its support of the distance learning project in Appalachia. Please provide an expected dollar amount for this three-year commitment.

Response:

GTE hereby incorporates the attached general objections. Subject to and without waiver of the general objections, GTE responds that subsequent to the inclusion of this commitment in Mr. Griswold's testimony, GTE has become aware that Ohio University has made a decision, separate and unrelated to this proceeding, to no longer use the equipment provided by GTE North for its distance learning project in Appalachia. Thus, while GTE North stands ready to provide this equipment under the same terms and conditions as in the past, and as addressed in Mr. Griswold's testimony, it is not expected that the University will take advantage of the Company's willingness to continue this arrangement.

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INTERROGATORY NO. 164:

If the response to OCC Interrogatory No. 163 is affirmative, please explain why the Company has a lead cable replacement program in place.

RESPONSE TO INTERROGATORY NO. 164:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that it utilizes a lead cable replacement program to ensure customers of GTE North – Ohio who are served by lead cable facilities are provided excellent customer service as prescribed by the Ohio Minimum Telephone Service Standards (MTSS).

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of the Ohio Consumers' Counsel
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INTERROGATORY NO. 165:

If the response to OCC Interrogatory No. 163 is affirmative, please describe the lead cable replacement program.

RESPONSE TO INTERROGATORY NO. 165:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that its lead cable replacement program in Ohio is a process whereby the Company reviews lead cable facilities on an annual basis to determine the cost effectiveness of continuing to maintain the lead cable facility or replacing the lead cable facility.

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INTERROGATORY NO. 161:

How much lead cable does the Company currently have in operation:

- a) In original book value;
- b) In current book value; and
- c) In feet?

RESPONSE TO INTERROGATORY NO. 161:

GTE hereby incorporates the general objections stated above. GTE further objects on the grounds that the request is overly broad and unduly burdensome in that the Company does not maintain records in a manner that would reasonably enable the requested information to be provided. Further, the information requested is irrelevant and not designed to lead to the discovery of admissible evidence in this proceeding. In addition, GTE states that the Company does not maintain financial records by lead and non-lead categories but rather the information is maintained in accordance with FCC Part 32 Accounting requirements as metallic and nonmetallic. Subject to and without waiver of the foregoing general and specific objections, GTE provides the following information for metallic cable currently in operation:

- a) The original book value: \$8,434,067
- b) The current book value: Net book value cannot be calculated for lead cable only because lead cable is not identified in a separate account as indicated in the response to Interrogatory No. 162.
- c) The sheath feet in place: 2,898,055.

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INTERROGATORY NO. 246:

What is the estimated cost to the Company to replace all remaining lead cable in Ohio?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE estimates that it would cost \$34.1 million in capital and \$1.5 million in expense to replace all remaining lead cable in Ohio.

GTE Corporation and Bell Atlantic Corporation
Responses To The First Data Requests
of the Staff of the Public Utilities Commission of Ohio
CASE NO. 98-1398-TP-AMT
December 16, 1998

DATA REQUEST NO. 67

Please provide GTE's policy, criteria, performance, and timetable for replacing lead cable in Ohio.

RESPONSE TO DATA REQUEST NO. 67

Subject to the foregoing objections, GTE states that its policy for replacing lead cable is to replace cable as it deteriorates to the point it is no longer cost efficient to repair and or customer service cannot be maintained to meet minimum standards. Since 1989, GTE has replaced 4,366,727 feet of lead cable in Ohio. There is no set timetable to replace lead cable. The rate of replacement will depend on the rate at which the remaining cable meets the replacement criteria.

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INTERROGATORY NO. 198:

Referring to the Joint Applicant's Amended Joint Application-Exhibit 9, Outside Plant Preventative Maintenance Program Commitment, please define what constitutes Outside Plant Preventative Maintenance?

RESPONSE TO INTERROGATORY NO. 198:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that its Outside Plant Preventive Maintenance includes the correction, repair, or replacement of defective outside plant conditions in the GTE North – Ohio service area.

GTE Corporation and Bell Atlantic Corporation
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of the Ohio Consumers' Counsel
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August 27, 1999

INTERROGATORY NO. 203:

Referring to the Joint Applicant's Amended Joint Application-Exhibit 9, Outside Plant Preventative Maintenance Program Commitment, using the same criteria and definition of Outside Plant Preventative Maintenance:

- a) How much has the Company spent on plant maintenance in calendar year 1999 to date;
- b) How much did the Company spend on plant maintenance in calendar year 1998;
- c) How much did the Company spend on plant maintenance in calendar year 1997;
- d) How much did the Company spend on plant maintenance in calendar year 1996; and
- e) How much is budgeted for plant maintenance in calendar year 2000?

RESPONSE TO INTERROGATORY NO. 203:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds with the following, which is intended as a corrective replacement to the response served on August 26, 1999.

- a) the Outside Plant Preventative Maintenance spent as of July 31, 1999 year to date was \$191,154 of capital and \$473,003 of expense.
- b) the Outside Plant Preventative Maintenance spent in 1998 was \$880,073 of capital and \$2,195,882 of expense.
- c) In addition to the general objections, GTE objects to this Request on the grounds that it is overly broad and unduly burdensome in that the 1997 information requested is not readily available in Company records and its compilation would require the expenditure of significant time and effort to review site specific work order detail.

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- d) In addition to the general objections, GTE objects to this Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant.
- e) GTE does not have a budget projection for plant maintenance for GTE North in Ohio. The budget is not created at this level of budget detail. However, should the Merger be approved, GTE has committed to spend up to \$4 million over a 3-year period following Merger Closing. (See page 3 of the Amended Joint Application – Exhibit 9)

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GTE Corporation and Bell Atlantic Corporation
Responses to the First Data Requests
Of the Staff of the Public Utilities Commission of Ohio
CASE NO. 98-1398-TP-AMT
January 8, 1999

DATA REQUEST NO. 115

Provide the dollar amounts spent on each outside plant maintenance and rehabilitation program for GTE North for each of the years 1993 through 1997.

RESPONSE TO DATA REQUEST NO. 115

GTE hereby incorporates its general objections stated above. In addition, GTE objects to this request to the extent it seeks information about states other than Ohio on the grounds that it is irrelevant and that it is beyond the scope of the Commission's jurisdiction.

Subject to the foregoing general and specific objections, below are the dollar amounts (in 000's) spent on the total outside plant program for GTE North - Ohio 1993 through 1997.

	<u>Capital</u>	<u>Expense</u>
1993	\$35.339	\$30.697
1994	34.500	28.346
1995	36.002	28.026
1996	37.852	26.322
1997	45.188	27.826

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GTE Corporation and Bell Atlantic Corporation
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August 24, 1999

INTERROGATORY NO. 212:

How much was spent for the Company's Service Performance Guarantees Program in:

- a) Calendar year 1999 to date;
- b) Calendar year 1998;
- c) Calendar year 1997;
- d) Calendar year 1996; and
- e) How much is budgeted to be spent in calendar year 2000?

RESPONSE TO INTERROGATORY NO. 212:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds with the following information for Ohio:

- a) YTD 1999 (May) = \$127,611
- b) 1998 = \$374,651
- c) 1997 = \$303,834
- d) In addition to the general objections, GTE objects to this Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant.
- e) GTE does not budget at a level of state detail sufficient to provide this information. However, GTE will continue to honor the SPG program as currently tariffed.

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September 7, 1999

INTERROGATORY NO. 226:

How much did the Company pay to customers, broken down between residential and business, as part of the Service Performance Guarantee program in:

- a) 1996;
- b) 1997;
- c) 1998; and
- d) 1999, to date?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) In addition to the general objections, GTE objects to this request to the extent that it seeks information generated before January 1, 1997, on the grounds that it is overly broad, unduly burdensome and irrelevant.

b-d)

<u>Ohio</u> <u>Payouts</u>	<u>1997</u>	<u>1998</u>	<u>July 1999 YTD</u>
Residential	\$213,289	\$286,894	\$120,627
Business	\$ 90,545	\$ 87,758	\$ 31,420

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September 7, 1999

INTERROGATORY NO. 249:

Referring to the Joint Applicants Exhibit 9, Blue Pages Commitment, what is the estimated cost of this commitment:

- a) In start up costs;
- b) In annualized on-going costs; and
- c) Other (specify)?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that the estimated \$30,000 cost is expected to be incurred annually.

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Responses to DaRTS Data Requests
Numbers 3 Through 8 of the Staff
of the Public Utilities Commission of Ohio
CASE NO. 98-1398-TP-AMT
January 19, 1999

DaRTS DATA REQUEST NO. 8

Please describe in detail the "value/cost test" that GTE uses for determining whether to include a blue page section in one of its telephone directories.

RESPONSE TO DaRTS DATA REQUEST NO. 8

Subject to the foregoing objections, GTE states that GTE Directories Corporation (GTE/DC) does not use a formal "value/cost test" for determining whether to include a government pages section in one of its telephone directories. There is no specific formula or set of criteria used to determine if government pages should be included in a directory. The decision to include a government pages section in telephone directories is informally based on considerations such as the scope and size of a directory, customer usage patterns, benefits to the consumer and to GTE/DC, as well as the cost to publish and print dedicated government pages section in a directory.

Currently in Ohio, government pages can be found in the following major directories:

- * Medina (as of November '97 publication)
- * New Philadelphia (as of July '98 publication)
- * Marion (as of July '98 publication)
- * Greater Delaware (as of July '98 publication)
- * Portsmouth (as of September '98 publication)
- * Greater Wadsworth-Akron (as of May '98 publication)

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 210:

Does the Company currently have adequate back-up generators to comply with the Commission Minimum Telephone Service Standards ("MTSS")?

RESPONSE TO INTERROGATORY NO. 210:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that it does have adequate backup generators to comply with the MTSS. The Cheshire Center central office was recently found to have growth beyond 5,000 lines and thus the portable generator needs to be replaced by a permanent generator per the MTSS.

GTE also refers the Ohio Consumers' Counsel to the response to Interrogatory No. 211, below.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 211:

Referring to the response to OCC Interrogatory No. 210, what is the basis for the Company's response?

RESPONSE TO INTERROGATORY NO. 211:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that it has permanent generators installed at all central offices that are more than 5,000 lines except for Cheshire Center. A project is underway to install a permanent generator at Cheshire Center by the end of October, 1999. In the interim period, a portable generator has been parked beside the central office and will remain there until the permanent generator is installed. GTE additionally refers the Consumers' Counsel to the document that it has provided as responsive to OCC Request No. 68.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 223:

Please describe the Company's current training procedures to ensure that employees engage in marketing practices that are complete, accurate and fair.

RESPONSE TO INTERROGATORY NO. 223:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that to ensure that GTE employees engage in marketing practices that are complete, accurate and fair, GTE trains and coaches employees on the following:

1. Take credit for selling products and services that rightfully belong to you, not others.
2. Only place authorized credits on customer accounts.
3. Place products and services on a customer's account only with their full knowledge and approval.
4. Ensure that the contact with the customer has been appropriately summarized and properly concluded.
5. Comply with all state and federal marketing rules and practices.

As team members of the GTE Customer Contact organization, employees are trained to display only the highest quality and integrity when interacting with customers and co-workers.

OCC Exhibit No. _____

GTE Corporation and Bell Atlantic Corporation
Responses to the Second Set of Data Requests and Requests for Documents
Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
September 10, 1999

INTERROGATORY NO. 73

Will the merged company's education of employees concerning marketing practices include instruction, both written and oral, about not disparaging or discriminating against GTE and BA competitors, such as NECs?

RESPONSE

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that the company already provides employees instructions not to disparage or discriminate against competitors.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 264:

Prior to the merger, did the Company have any plans to move the Ohio headquarters out of state?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that there are no plans to move the Ohio headquarters out of state.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 268:

As part of the merger discussions and agreement, does the Company have any plans to move the Ohio headquarters out of state?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that, as described in the testimony of GTE witness William Griswold and in Exhibit 9 attached to the Amended Joint Application, the Company has committed to maintain Ohio headquarters for at least three years following consummation of the merger. There are no plans regarding Ohio headquarters beyond the three year commitment period.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 266:

Prior to the merger, did the Company have any plans to shut down any of the Ohio local offices used for receipt of payment or agencies used for that purpose?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that there are no plans to close any Ohio local offices or agencies used for receipt of payment.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 270:

As part of the merger discussions and agreement, does the Company have any plans to shut down any of the Ohio local offices used for receipt of payment or agencies used for that purpose?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that, as described in the testimony of GTE witness William Griswold and in Exhibit 9 attached to the Amended Joint Application, the Company has committed to maintain either a local office for receipt of payments or an agency for receipt of payments in all locations where such offices now exist for at least three years following consummation of the merger. There are no plans regarding payment centers beyond the three year commitment period.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 272:

Does the Company currently make relevant books and records available to the PUCO for review?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that it provides access to its books and records in accordance with the requirements of the Ohio Revised Code and the Ohio Commission's Code of Rules and Regulations.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 222:

Please describe the Company's current slicker use policy.

RESPONSE TO INTERROGATORY NO. 222:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE refers the Consumers' Counsel to the document provided as responsive to OCC Request No. 69 for its slicker use policy.

In the Matter of the Joint Application of)
Bell Atlantic Corporation and GTE Corporation) Case No. 98-1398-TP-AMT
For Consent and Approval of a Change of Control)

ATTACHMENT TO REQUEST FOR PRODUCTION NO. 69

May 3, 1999

To: Direct Reports
Subject: Temporary Repairs

As discussed in our previous staff meetings, I expect each of you to implement the following guidelines within your departments effective immediately:

1. No temporary repairs are authorized without Local Manager approval;
2. If a temporary repair is required to meet a customer commitment and the Local Manager has authorized such action, the Local Manager will log the incident in his/her temporary repair log and advise the Division Resource Manager accordingly;
3. The Division Resource Manager will dispatch a technician to perform a permanent repair as our customer demand activity workload permits. Our guidelines for permanent repair include 72 hours for slickers and 30 days for all other temporary repairs, unless a work order will be required, which should be resolved within 90 days.

Please advise me if you have any questions.



Davy M. Roach
General Manager – Customer Operations

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 180:

If the response to OCC Interrogatory No. 178 is affirmative, please describe the aerial cable replacement program.

RESPONSE TO INTERROGATORY NO. 180:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

GTE North – Ohio's preventive maintenance programs include:

1. TAC (Trouble Analysis Center) Focus is a process that provides detailed information to identify cables, which require maintenance or replacement based on amount of reported outside plant trouble. Funding to replace or maintain these cables is based on the cost to replace the cable as compared to the cost to maintain the cable for a specified time. Usually a three-year payback is desired.
2. The PMIR (Preventative Maintenance Initiative Request) program is an allocated dollar amount to each region for plant repairs that are not included in the TAC Focus process. It is used at the discretion of the region.
3. The OSP Top 100 Program outlines the best 10 opportunities in each region to reduce the largest amount of OSP trouble.
4. The Chronic Repeat Report identifies OSP repeated reports and is available to each region.
5. The Air Pressure Control Center (APCC) in Tampa, Florida monitors and dispatches air pressure alarms and serves as a single point of contact for all air pressure related issues. It is the center's objective to aid the regions in reducing the number of cable outages caused by air pressure problems.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 200:

If the response to OCC Interrogatory No. 199 is affirmative, please explain why the Company has an Outside Plant Preventative Maintenance Program in place.

RESPONSE TO INTERROGATORY NO. 200:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE states that it utilizes Outside Plant Preventive Maintenance Programs to ensure customers of GTE North – Ohio are provided excellent customer service as prescribed by the Ohio Minimum Telephone Standards (MTSS).INTERROGATORY NO. 201:

If the response to OCC Interrogatory No. 199 is affirmative, please describe the Outside Plant Preventative Maintenance Program.

GTE Corporation and Bell Atlantic Corporation
Responses To The Sixth Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
August 24, 1999

INTERROGATORY NO. 201:

If the response to OCC Interrogatory No. 199 is affirmative, please describe the Outside Plant Preventative Maintenance Program.

RESPONSE TO INTERROGATORY NO. 201:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

GTE North – Ohio's preventive maintenance programs include:

1. TAC (Trouble Analysis Center) Focus is a process that provides detailed information to identify cables, which require maintenance or replacement based on amount of reported outside plant trouble. Funding to replace or maintain these cables is based on the cost to replace the cable as compared to the cost to maintain the cable for a specified time. Usually a three-year payback is desired.
2. The PMIR (Preventative Maintenance Initiative Request) program is an allocated dollar amount to each region for plant repairs that are not included in the TAC Focus process. It is used at the discretion of the region.
3. The OSP Top 100 Program outlines the best 10 opportunities in each region to reduce the largest amount of OSP trouble.
4. The Chronic Repeat Report identifies OSP repeated reports and is available to each region.
5. The Air Pressure Control Center (APCC) in Tampa, Florida monitors and dispatches air pressure alarms and serves as a single point of contact for all air pressure related issues. It is the center's objective to aid the regions in reducing the number of cable outages caused by air pressure problems.

GTE Corporation and Bell Atlantic Corporation
 Responses To The Seventh Set of Interrogatories and Requests For Documents
 of the Ohio Consumers' Counsel
 CASE NO. 98-1398-TP-AMT
 September 7, 1999

INTERROGATORY NO.251:

Referring to the response to OCC Interrogatory No. 201, please indicate how much was spent on each program in:

- a) 1996;
- b) 1997;
- c) 1998;
- d) 1999, to date; and
- e) Budgeted for 2000?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds as follows:

- a) In addition to the general objections, GTE objects to the Request to the extent that it seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant.
- b) Information relative to spending on the referenced programs in 1997 is not available.

c-d)	TAC	<u>1998</u>	<u>7/99 YTD</u>
	Capital	\$ 819,251	\$140,033
	Expense	<u>2,191,776</u>	<u>466,379</u>
	Total	\$3,011,027	\$606,412
	PMIR	<u>1998</u>	<u>7/99 YTD</u>
	Capital	\$ 60,822	\$51,121
	Expense	<u>4,106</u>	<u>6,624</u>
	Total	\$64,926	\$57,745

Spending for the OSP Top 100 program, Chronic Repeat Report, and the Air Pressure Control Center were not tracked separately, thus the information requested is not available.

- e) 2000 Budget information is not available for these programs. Such information is not separately identified in budgets.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 254:

Referring to the response to OCC Interrogatory Nos. 207 and 208, do the amounts estimated as budgeted for 2000 include the cost of the market surveys as noted in Joint Applicants Exhibit 9, Non-Telephone Household Studies Commitment?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, GTE responds that the amounts estimated for 2000 in response to OCC Interrogatory Nos. 207 and 208 do not include the cost of the market surveys discussed in Joint Applicants' Exhibit 9.

GTE Corporation and Bell Atlantic Corporation
Responses To The Seventh Set of Interrogatories and Requests For Documents
of the Ohio Consumers' Counsel
CASE NO. 98-1398-TP-AMT
September 7, 1999

INTERROGATORY NO. 273:

The Joint Application on pages 2 and 3 indicates 1997 access lines served by Bell Atlantic operating companies was 40.8 million and 1997 access lines served by GTE operating companies was 22.3 million. How many access lines were served by Bell Atlantic and GTE operating companies, respectively, in 1998?

RESPONSE:

GTE hereby incorporates the general objections stated above. Subject to and without waiver of the general objections, Applicants state that the access lines presented in the Joint Application on pages 2 and 3 are based upon June 1998 year-to-date access lines. Bell Atlantic and GTE operating companies served 41.6 million and 23.5 million domestic wireline access lines, respectively, as of December 31, 1998.

OCC EXHIBIT 44

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of)
Bell Atlantic Corporation and GTE)
Corporation for Consent and Approval) Case No. 98-1398-TP-AMT
of a Change of Control.)

**SUPPLEMENTAL TESTIMONY
of
KATHLEEN HAGANS**

**ON BEHALF OF
THE OHIO CONSUMERS' COUNSEL**
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550
(614) 466-8574

Dated: September 17, 1999

OCC EXHIBIT _____

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Joint Application of)
Bell Atlantic Corporation and GTE)
Corporation for Consent and Approval) Case No. 98-1398-TP-AMT
of a Change of Control.)

**SUPPLEMENTAL TESTIMONY
of
KATHLEEN HAGANS**

**ON BEHALF OF
THE OHIO CONSUMERS' COUNSEL**
77 South High Street, 15th Floor
Columbus, Ohio 43266-0550
(614) 466-8574

Dated: September 17, 1999

1

2 **Q1. PLEASE STATE YOUR NAME, ADDRESS, AND POSITION.**

3 **A1.** My name is Kathleen Hagans. My business address is 77 South High Street, 15th
4 Floor, Columbus, Ohio 43266-0550. I am employed by the Ohio Consumers'
5 Counsel (OCC) as a Senior Regulatory Analyst.

6

7 **Q2. ARE YOU THE SAME KATHLEEN HAGANS WHO PREVIOUSLY FILED**
8 **TESTIMONY IN THIS PROCEEDING?**

9 **A2.** Yes.

10

11 **Q3. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

12 **A3.** The purpose of my supplemental testimony is to present an updated
13 recommendation regarding projected merger synergies. In response to Staff's
14 discovery on the Joint Applicant's amended application, GTE provided an updated
15 analysis of projected merger synergies. I have incorporated this update into my
16 supplemental testimony. I have also revised my analysis to consider a number of
17 options with respect to the treatment of merger costs. Specifically, I examine the
18 amortization of merger implementation costs over a period longer than three
19 years. This revision recognizes both prior Commission treatment of such costs
20 and a proposal by the Joint Applicants made in another jurisdiction. I also
21 examine the effect of the exclusion of merger transaction costs.

22

1 **Q4. WHAT IS THE IMPACT OF YOUR REVISED RECOMMENDATION?**

2 **A4.** The Joint Applicants have not included in their amended filing a commitment to
3 pass any synergies through to ratepayers in order to provide tangible, direct
4 benefits to GTE North-Ohio customers. In order to render the amended
5 application in the public interest, the Companies should commit to providing such
6 benefits to ratepayers in the form of rate reductions as they have done in Virginia
7 and Illinois. I recommend that the Commission order GTE North-Ohio to
8 effectuate rate reductions upon close of the merger as reflected on either
9 Supplemental Exhibit KLH-1a, 1b, 2a, or 2b.

10

11 **Q5. PLEASE EXPLAIN THE UPDATED SYNERGY ESTIMATES PROVIDED**
12 **BY GTE IN RESPONSE TO STAFF DISCOVERY.**

13 **A5.** GTE provided updated synergy estimates for GTE North-Ohio based on the use of
14 1998 data for allocation factors and the inclusion of employee pensions and
15 benefits savings that Joint Applicants noted were inadvertently omitted from the
16 original synergy estimates.

17

18 **Q6. WHAT DO MERGER TRANSACTION COSTS CONSIST OF?**

19 **A6.** The synergy analysis prepared by the Joint Applicants identifies five categories of
20 transaction costs. These are professional services, compensation agreements,
21 shareowner related, registration and regulatory, and other.

22

1 **Q7. SHOULD TRANSACTION COSTS BE EXCLUDED FROM A**
2 **DETERMINATION OF MERGER SYNERGIES THAT SHOULD BE**
3 **FLOWED THROUGH TO GTE NORTH-OHIO RATEPAYERS?**

4 **A7.** Yes.

5

6 **Q8. ON WHAT BASIS ARE YOU PROPOSING THE EXCLUSION OF MERGER**
7 **TRANSACTION COSTS?**

8 **A8.** Merger transaction costs should be excluded and treated as shareholder costs
9 because they relate solely to the change in ownership of GTE and not to the
10 telephone operations of the Company. The shareholders of Bell Atlantic and GTE
11 have approved the merger in expectation that the value of their stock will rise as a
12 result. To the extent that the shareholders choose to change the ownership of the
13 Company because they expect they will experience a gain from such a
14 transaction, they should bear the cost of such a change. (If the Commission does
15 not order the exclusion of transaction costs, it is appropriate to amortize these
16 costs along with implementation costs.)

17

18 **Q9. WHAT DO MERGER IMPLEMENTATION COSTS CONSIST OF?**

19 **A9.** The Joint Applicants' synergy analysis identifies implementation costs associated
20 with achieving savings in various categories of telephone operations and
21 corporate general and administrative. The categories of telephone operations are
22 information systems, consumer & business, network/customer service,
23 procurement, production management/advertising, wholesale, and research &

1 development. The analysis shows merger implementation costs as a percentage of
2 merger savings in the various categories of telephone operations and corporate
3 general and administrative.

4
5 **Q10. WHY ARE YOU PROPOSING TO AMORTIZE MERGER**

6 **IMPLEMENTATION COSTS OVER A PERIOD LONGER THAN THREE**
7 **YEARS?**

8 **A10.** Amortization of merger costs over a longer period provides more of a recognition
9 than the Joint Applicants' three-year period that the savings resulting from the
10 merger will last long into the future. Amortizing the costs over a longer period
11 more closely matches merger savings with the costs incurred to achieve those
12 savings.

13
14 Responses to OCC Interrogatory Nos. 274, 278, and 282 indicate the Joint
15 Applicants have not made cost or savings projections beyond the third year after
16 close of the merger. However, Joint Applicants anticipate merger costs will end
17 after year three, while merger savings and revenue synergies will continue after
18 year three. In response to OCC Interrogatory No. 274 regarding merger costs, the
19 Joint Applicants state that "they do not anticipate any such costs [merger
20 implementation costs] to be incurred beyond the third year." In response to OCC
21 Interrogatory No. 278 they state with respect to merger savings that "the full
22 savings amount is expected to continue in the fourth year and beyond." In fact, the
23 responses to OCC Interrogatory Nos. 287, 290, 293, and 296 indicate that in the

1 Joint Applicants' opinion it is reasonable to expect that once redundancies among
2 and between the two companies are consolidated or eliminated, the resulting
3 savings will continue thereafter. Finally, in response to OCC Interrogatory No.
4 282 regarding revenue synergies, the Joint Applicants state "While it is
5 anticipated that revenue synergies will continue beyond the third year, the
6 achievement of any such synergies will be subject to the Company's success in the
7 competitive marketplace."

8
9 These responses show the need to amortize the costs of the merger over a longer
10 period to more closely match those costs with savings and revenue synergies that
11 are expected to continue well beyond the first three years.

12

13 ***Q11. WHAT SPECIFIC AMORTIZATION PERIOD DO YOU PROPOSE?***

14 ***Ans.*** The Commission, in Case No. 88-170-EL-AIR, et al., accepted the Cleveland
15 Electric Illuminating Company's recommendation that costs incurred in
16 conjunction with its affiliation with Toledo Edison should be amortized over a
17 five-year period. A similar amortization period of five years used here would
18 begin to provide a more proper match between the costs to achieve merger
19 savings and the savings themselves.

20

21 However, if the Commission chooses to consider a longer period, ten years is also
22 an appropriate amortization period given the length of time the merger savings are
23 likely to last. This would provide an even greater match between the timing of the

1 costs and savings. I have included both a five-year (see Supplemental Exhibit
2 KLH-1a and 2a) and a ten-year (see Supplemental Exhibit KLH-1b and 2b)
3 amortization in my revised analysis.
4

5 ***Q12. HAVE THE JOINT APPLICANTS THEMSELVES PROPOSED A LONGER***
6 ***AMORTIZATION PERIOD FOR MERGER COSTS IN ANOTHER***
7 ***JURISDICTION?***

8 ***A12.*** Yes. In Illinois Docket No. 98-0866, GTE witness Steven M. Banta, Regulatory
9 and Governmental Affairs Vice President, states the following in his direct
10 testimony: "GTE further proposes to amortize these costs over a five-year period
11 beginning on the date the merger is consummated." See Direct Testimony of
12 Steven M. Banta, at page 8.
13

14 ***Q13. PLEASE EXPLAIN WHAT THE COMPANIES HAVE PROPOSED IN***
15 ***VIRGINIA AND ILLINOIS AND WHY IT IS IMPORTANT TO COMPARE***
16 ***THOSE PROPOSALS WITH WHAT HAS BEEN PROPOSED IN OHIO.***

17 ***A13.*** In Virginia, the Companies re-filed their Joint Petition, Case No. PUC990100,
18 because the Virginia Commission dismissed the original merger application. In
19 the re-filed Joint Petition, the Companies commit to, among other things, the
20 following direct benefits to ratepayers: reduce rates by \$22 million by expanding
21 local calling areas; extend Bell Atlantic-Virginia's rate cap on basic local
22 exchange service until 1/1/04; and modify CLASS service rates for GTE South to

1 make all rates in all exchanges the same which will reduce revenue another \$2
2 million.

3

4 In addition, GTE operates under an alternative regulation plan in Virginia. GTE
5 witness Paul R. Shuell, Vice President and Controller for GTE Corporation, in
6 testimony accompanying the re-filed Joint Petition, states the following:

7 "After they occur, however, the actual [merger] savings will flow
8 through to the books and records of GTE South and Bell Atlantic-
9 Virginia in the normal course of business. In the case of GTE
10 South, for example, the [merger] savings will be reflected in the
11 annual filing that is made to this Commission; that filing details the
12 actual financial figures for GTE South's Virginia operations.
13 Moreover, as actual [merger] savings are realized, they will be
14 subject to the GTE South Alternative Regulatory Plan and its
15 provisions for dealing with excess earnings." See Testimony of
16 Paul R. Shuell, Edwin F. Hall and Stephen L. Shore, at page 12.

17

18 Assurance is thus given to Virginia's GTE South ratepayers that merger savings
19 will in fact provide a benefit in that they will be considered in the excess earnings
20 determination as part of the current alternative regulation plan. The implication is
21 that excess earnings are returned to ratepayers. In other words, to the extent that
22 merger savings contribute to excess earnings, those savings flow back to
23 ratepayers. GTE North-Ohio's claim that merger savings flowing through to the
24 books and records in Ohio provide a benefit to Ohio ratepayers falls far short of
25 the situation in Virginia due to the fact that GTE North-Ohio is not operating
26 under a regulatory scheme that provides for the automatic review of earnings each
27 year and the flow back of any excess.

28

1 In Illinois, Mr. Banta's surrebuttal testimony presents various merger conditions
2 proposed by Bell Atlantic and GTE in response to Illinois Commerce
3 Commission (ICC) staff testimony. For instance, Mr. Banta proposes direct
4 benefits such as a rate reduction in the range of \$7.2-\$9.7 million as a reasonable
5 condition of the merger. Mr. Banta states this is proposed as a method of
6 justifying the deferral of a rate case to three years subsequent to the merger. He
7 states that this rate reduction in part addresses ICC staff concerns over merger
8 savings and earnings because "it provides an immediate rate reduction in advance
9 of the subsequent rate case." See Surrebuttal Testimony of Steven M. Banta, at
10 page 8. To address the merger savings issue directly, Mr. Banta also proposes to
11 reduce rates by an additional \$1 million which "allows the Commission to provide
12 Illinois ratepayers with immediate benefits from the merger." See Surrebuttal
13 Testimony of Steven M. Banta, at page 13, emphasis in orininal.

14
15 GTE North-Ohio's ratepayers should receive the same immediate, direct benefits
16 of the merger. The Joint Applicants have not proposed commitments similar to
17 those they have proposed in Virginia and Illinois. My recommendation is that the
18 Companies be required to provide immediate, direct benefits to GTE North-Ohio
19 ratepayers in the form of equal rate reductions to residential, business, and access
20 customers.

1 **Q14. PLEASE EXPLAIN SUPPLEMENTAL EXHIBITS KLH-1A, 1B, 2A, AND 2B**
2 **WHICH YOU HAVE ATTACHED TO THIS TESTIMONY.**

3 **A14.** As I stated previously, an argument can be made for the use of both a five-year
4 and a ten-year amortization period of merger implementation costs. I have
5 therefore fashioned my supplemental exhibits to include both scenarios. In
6 addition, I have provided exhibits that reflect both the inclusion and the exclusion
7 of merger transaction costs. This is to provide the Commission with information
8 on the effect of both. I therefore present four different scenarios. Line 7 of
9 Supplemental Exhibits KLH-1a and 1b represents synergies that should be passed
10 through to customers based on the exclusion of merger transaction costs and the
11 amortization of implementation costs over a five-year and a ten-year period,
12 respectively. Line 7 of Supplemental Exhibits KLH-2a and 2b represents
13 synergies that should be passed through to customers based on the inclusion of
14 merger transaction costs and the amortization of implementation costs over a five-
15 year and a ten-year period, respectively.

16
17 **Q15. WHICH SCENARIO DO YOU RECOMMEND THE COMMISSION ADOPT**
18 **IN ORDER TO PROVIDE GTE NORTH-OHIO RATEPAYERS WITH**
19 **DIRECT, IMMEDIATE BENEFITS FROM THE MERGER?**

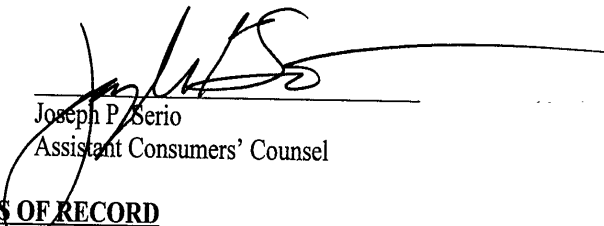
20 **A15.** I recommend the scenario reflected on Supplemental Exhibit KLH-1a. This
21 excludes transaction costs as shareholder costs and amortizes implementation
22 costs over a five-year period. Both the Commission and GTE have recognized
23 five years as an appropriate period over which to amortize merger costs.

1 **Q16. DOES THIS CONCLUDE YOUR TESTIMONY?**

2 **A16.** Yes, it does. However, I reserve the right to modify, amend, or add to my
3 testimony based on changes that the Company may propose or changes made by
4 the PUCO Staff, or response to outstanding discovery.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Testimony of Kathleen Hagans was served by hand-delivery, electronic mail, upon the Company and by regular U.S. mail, postage prepaid upon all other parties of record this 17th day of September, 1999.


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Bell Atlantic/GTE
Calculation of Projected GTE Ohio Synergies
(\$ millions)

	<u>Cumulative Total Synergies Subsequent to Merger</u>		
	<u>Year 1 (2000)</u>	<u>Year 2 (2001)</u>	<u>Years 3-5 (2002-2004)</u>
1 Expense Savings (a)	\$ 3.8	\$ 7.7	\$ 11.5
2 Capital Synergies (a)	\$ 0.2	\$ 0.6	\$ 1.2
3 Less: Merger Costs (a)	\$ (2.1)	\$ (2.1)	\$ (2.1)
4 Net Merger Savings (line 1+ line 2 + line 3)	\$ 1.9	\$ 6.2	\$ 10.6
5 Pension & Benefit Savings (a)	\$ 0.4	\$ 0.9	\$ 1.3
6 Net Value Added Revenue Synergies (b)	\$ 0.6	\$ 1.4	\$ 2.2
7 Total Synergies (line 4 + line 5 + line 6)	<u>\$ 2.9</u>	<u>\$ 8.5</u>	<u>\$ 14.1</u>

(a) Source: GTE response to PUCO Staff DaRTS request no. 49, Schedule B.5, page 9 of 9. Transaction costs excluded. Implementation costs amortized over five years: $(5.3+3.5+1.5)/5$.

	<u>Year 1</u>	<u>Year 2</u>	<u>Years 3-5</u>
Net Value Added Revenue Synergies (c)	\$ 45	\$ 100	\$ 165
GTE-Ohio Access Line Ratio (d)	1.36%	1.36%	1.36%
Ohio Net Value Added Revenue Synergies	<u>\$ 0.6</u>	<u>\$ 1.4</u>	<u>\$ 2.2</u>

(c) Source: Bell Atlantic response to OCC Request to Produce No. 16, p. 6.

(d) 1 GTE-Ohio 12/31/98 Access Lines	883,219 (e)
2 Bell Atlantic 1998 Access Lines	41,600,000 (f)
3 GTE 1998 Access Lines	23,500,000 (f)
4 Ratio of GTE-Ohio to Total $(1/(2+3))$	0.0136

(e) 1998 Annual Report of GTE North Inc. - Ohio Operations.

(f) Response to OCC Interrogatory No. 273.

Bell Atlantic/GTE
Calculation of Projected GTE Ohio Synergies
(\$ millions)

	<u>Cumulative Total Synergies Subsequent to Merger</u>		
	<u>Year 1 (2000)</u>	<u>Year 2 (2001)</u>	<u>Years 3-10 (2002-2009)</u>
1 Expense Savings (a)	\$ 3.8	\$ 7.7	\$ 11.5
2 Capital Synergies (a)	\$ 0.2	\$ 0.6	\$ 1.2
3 Less: Merger Costs (a)	<u>\$ (1.0)</u>	<u>\$ (1.0)</u>	<u>\$ (1.0)</u>
4 Net Merger Savings (line 1+ line 2 + line 3)	\$ 3.0	\$ 7.3	\$ 11.7
5 Pension & Benefit Savings (a)	\$ 0.4	\$ 0.9	\$ 1.3
6 Net Value Added Revenue Synergies (b)	<u>\$ 0.6</u>	<u>\$ 1.4</u>	<u>\$ 2.2</u>
7 Total Synergies (line 4 + line 5 + line 6)	<u><u>\$ 4.0</u></u>	<u><u>\$ 9.6</u></u>	<u><u>\$ 15.2</u></u>

(a) Source: GTE response to PUCO Staff DaRTS request no. 49, Schedule B.5, page 9 of 9. Transaction costs excluded. Implementation costs amortized over ten years: $(5.3+3.5+1.5)/10$.

	<u>Year 1</u>	<u>Year 2</u>	<u>Years 3-10</u>
Net Value Added Revenue Synergies (c)	\$ 45	\$ 100	\$ 165
GTE-Ohio Access Line Ratio (d)	1.36%	1.36%	1.36%
Ohio Net Value Added Revenue Synergies	<u><u>\$ 0.6</u></u>	<u><u>\$ 1.4</u></u>	<u><u>\$ 2.2</u></u>

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Bell Atlantic/GTE
Calculation of Projected GTE Ohio Synergies
(\$ millions)

Cumulative Total Synergies Subsequent to Merger			
	Year 1 (2000)	Year 2 (2001)	Years 3-5 (2002-2004)
1 Expense Savings (a)	\$ 3.8	\$ 7.7	\$ 11.5
2 Capital Synergies (a)	\$ 0.2	\$ 0.6	\$ 1.2
3 Less: Merger Costs (a)	\$ (3.1)	\$ (3.1)	\$ (3.1)
4 Net Merger Savings (line 1+ line 2 + line 3)	\$ 0.9	\$ 5.2	\$ 9.6
5 Pension & Benefit Savings (a)	\$ 0.4	\$ 0.9	\$ 1.3
6 Net Value Added Revenue Synergies (b)	\$ 0.6	\$ 1.4	\$ 2.2
7 Total Synergies (line 4 + line 5 + line 6)	<u>\$ 1.9</u>	<u>\$ 7.5</u>	<u>\$ 13.1</u>

(a) Source: GTE response to PUCO Staff DaRTS request no. 49, Schedule B.5, page 9 of 9. Merger costs amortized over five years: $(5.3+3.5+1.5+5.3)/5$.

	Year 1	Year 2	Years 3-5
Net Value Added Revenue Synergies (c)	\$ 45	\$ 100	\$ 165
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Bell Atlantic/GTE
Calculation of Projected GTE Ohio Synergies

(\$ millions)

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	<u>Year 1 (2000)</u>	<u>Year 2 (2001)</u>	<u>Years 3-10 (2002-2009)</u>
1 Expense Savings (a)	\$ 3.8	\$ 7.7	\$ 11.5
2 Capital Synergies (a)	\$ 0.2	\$ 0.6	\$ 1.2
3 Less: Merger Costs (a)	<u>\$ (1.6)</u>	<u>\$ (1.6)</u>	<u>\$ (1.6)</u>
4 Net Merger Savings (line 1+ line 2 + line 3)	\$ 2.4	\$ 6.7	\$ 11.1
5 Pension & Benefit Savings (a)	\$ 0.4	\$ 0.9	\$ 1.3
6 Net Value Added Revenue Synergies (b)	<u>\$ 0.6</u>	<u>\$ 1.4</u>	<u>\$ 2.2</u>
7 Total Synergies (line 4 + line 5 + line 6)	<u><u>\$ 3.4</u></u>	<u><u>\$ 9.0</u></u>	<u><u>\$ 14.6</u></u>

(a) Source: GTE response to PUCO Staff DaRTS request no. 49, Schedule B.5, page 9 of 9. Merger costs amortized over ten years: $(5.3+3.5+1.5+5.3)/10$.

	<u>Year 1</u>	<u>Year 2</u>	<u>Years 3-10</u>
Net Value Added Revenue Synergies (c)	\$ 45	\$ 100	\$ 165
GTE-Ohio Access Line Ratio (d)	1.36%	1.36%	1.36%
Ohio Net Value Added Revenue Synergies	<u><u>\$ 0.6</u></u>	<u><u>\$ 1.4</u></u>	<u><u>\$ 2.2</u></u>

(c) Source: Bell Atlantic response to OCC Request to Produce No. 16, p. 6.

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4 Ratio of GTE-Ohio to Total $(1/(2+3))$	0.0136

(e) 1998 Annual Report of GTE North Inc. - Ohio Operations.

(f) Response to OCC Interrogatory No. 273.

Core Comm 9

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Joint Application of
Bell Atlantic Corporation and GTE
Corporation For Consent and Approval
of a Change of Control

)
)
) Case No. 98-1398-TP-AMT
)

SUPPLEMENTAL RESPONSES OF GTE CORPORATION AND
BELL ATLANTIC CORPORATION TO
CORECOMM, INC. INTERROGATORIES
AND
REQUESTS FOR PRODUCTION OF DOCUMENTS
SECOND SET
September 22, 1999

TO: Sally W. Bloomfield
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GTE Corporation, one of the Joint Applicants herein ("GTE"), hereby submits its Supplemental Responses to CoreComm, Inc.'s Interrogatories and Requests for Production of Documents (Second Set) served September 2, 1999 ("CoreComm's Second Set"). These Supplemental Responses are served September 22, 1999.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
September 22, 1999

DEFINITIONS

- A. The word "Company" refers to GTE Corporation and/or Bell Atlantic Corporation, and each of its subsidiaries, their officers, agents, employees, consultants or others acting on their behalf.
- B. "Document" includes any written or recorded or graphic matter, however produced or reproduced, including but not limited to: correspondence, telegrams, or other written, typed or printed communications; electronic mail (E-mail); contracts, agreements; notes in any form; memoranda; diaries; voice recording tapes; microfilms or microfiches; pictures, data processing cards or discs, computer tapes or disks and other computer generated and stored information or data bases; calendars; minutes of meetings of the shareholders or directors of the Company or any affiliated or acquired Company or of any committee appointed by or reportable to them; or any writings or graphic matter, including copies containing marginal notes or variations of any of the foregoing, now or previously in your possession.
- C. "Identify," "Identity," or "Identification" when used in reference to an individual person, means to state that person's full name and residence address, including zip code, and phone number, if known, and present or last-known business position and duties, and business address, if known.
- D. "Identify," "Identity," or "Identification" when used in reference to a document, means to state the type of document (e.g., computer stored information, microfilm, letter, memorandum, policy circular, minute book, telegram, chart, etc.), or some other means of identifying it, its present location and custodian, a description and the date on which it was made, prepared, or received. If any such document was but is no longer in the Company's possession or subject to the Company's control, state what disposition was made of it, and if destroyed or disposed of by operation of a retention policy, state the retention policy.
- E. "Identify," "Identity," or "Identification" when used in reference to a business organization means to state the corporate name or other names under which said organization does business, and the location of its principal place of business.
- F. "Person" or "Persons" include natural persons, corporations, partnerships, ventures, incorporated associations, and all other entities.
- G. "Affiliate" or "Affiliated Company" includes any parent corporation, sister corporation, partner, joint venture, and any other person or business association with whom the Company has a similar business relationship.
- H. "Commission" or "PUCO" means the Public Utilities Commission of Ohio.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
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CASE NO. 98-1398-TP-AMT
September 22, 1999

GENERAL OBJECTIONS

Joint Applicants hereby object to CoreComm's Second Set on the following grounds, each of which is incorporated by reference to the responses provided below.

- (1) Joint Applicants object to each and every Interrogatory and Request for Production of Documents ("Request") to the extent that it seeks information or documents subject to the attorney-client privilege, the attorney work product doctrine, or any other such privilege. Joint Applicant's responses below shall not be deemed to be a waiver of any such privilege.
- (2) Joint Applicants object to each and every Request to the extent that it seeks information or documents without regard for the date on which such information was generated, or seeks information generated before January 1, 1997, on the grounds that the Request is overly broad, unduly burdensome and irrelevant. Joint Applicants will produce responsive information and documents for the time period beginning January 1, 1997.
- (3) Joint Applicants object to each and every Request to the extent it seeks information that was not generated by, or maintained in the files of, an employee of Joint Applicants at the Director level or above who is responsible for making the decisions regarding matters within the scope of the Request on the grounds that it is overly broad, unduly burdensome and irrelevant.
- (4) Joint Applicants object to each and every Request to the extent it seeks information not directly concerning the market for telecommunications services in the State of Ohio on the grounds that it is overly broad, unduly burdensome and irrelevant. In addition, Joint Applicants object to such Requests to the extent that they go beyond the jurisdiction of the Ohio Public Utilities Commission. The Federal Communications Commission and the United States Department of Justice are the appropriate forums for those concerns.
- (5) Joint Applicants object to each and every Request to the extent it seeks information about states other than Ohio on the grounds that it is irrelevant and that it is beyond the scope of the Commission's jurisdiction.
- (6) Joint Applicants object to each and every Request to the extent it seeks information "relating to" a specified subject matter on the grounds that it is overly broad, unduly burdensome, irrelevant and vague. Joint Applicants will produce information and documents that directly discuss and were generated for the purpose of considering the specified subject matter.
- (7) Joint Applicants object to each and every Request to the extent it seeks documents that were initially created by parties not affiliated with Joint Applicants or who were not

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
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CASE NO. 98-1398-TP-AMT

September 22, 1999

acting at Joint Applicant's direction or on its behalf (e.g. news articles, investment analysts reports, agency or court filings by other parties).

- (8) Joint Applicants object to each and every Request to the extent that they seek "any and all documents" concerning a given policy or approach on the grounds that such requests are overly broad and unduly burdensome. Joint Applicants will provide an answer and/or produce documents sufficient to explain the policy or approach.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
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Comment: **No. 74: The question was not answered. The question asked GTE to "describe in detail" the areas of nondiscrimination that will be addressed in the merged company's marketing practices education program. Your answer that GTE "already provides employees instructions not to disparage or discriminate against competitors" does not even identify any areas of nondiscrimination, let alone describe them "in detail."**

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that its current guidelines direct employees not to engage in negative advertising, promotion, sales tactics, or public discussions targeted at denigrating competitors or their products. Employees are not to engage in any behavior that impedes or interferes with a competitor's marketing, sales, or service provisioning. Finally, employees are directed to maintain the highest level of ethical conduct and not engage in destructive, deceitful, or underhanded conduct.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
September 22, 1999

Comment: No. 80: The question was not answered as to all GTE performance reports. GTE's statement that reports are designed to be NEC specific evades providing an answer for performance reports that measure performance for NECs in the aggregate.

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that all measures are reported as "CLEC specific" by state with the exception of measure number "44", center responsiveness. Each CLEC report will show the specific result as well as the aggregate result.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
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Comment: **No. 85: The question was not answered. GTE's statement that it will not increase MTSS credits does not address whether GTE will reimburse NECs for administrative costs and loss of goodwill NECs will suffer due to GTE's poor service performance.**

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that it will not reimburse NECs for administrative costs and loss of goodwill NECs may allegedly incur due to GTE's poor service performance. The MTSS impose no such obligation.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
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CASE NO. 98-1398-TP-AMT
September 22, 1999

Comment: No. 86: The question was not answered. GTE's statement that it will not increase MTSS credits does not address how GTE will make NECs whole for administrative costs and loss of goodwill NECs will suffer due to GTE's poor service performance.

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that it will not make NECs whole for administrative costs and loss of goodwill NECs may allegedly incur due to GTE's service performance. The MTSS impose no such obligation.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
September 22, 1999

Comment: **No. 87: The question was not answered. GTE's statement that it will not increase MTSS credits does not address whether GTE will agree to a correction program for MTSS failures violations that surpass a threshold.**

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that it will not agree to a correction program for MTSS failure violations that surpass a threshold. The MTSS impose no such obligation. GTE does, as a matter of normal customer and business practices, analyze causes of performance results.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
and Requests for Documents Of CoreComm, Inc.
CASE NO. 98-1398-TP-AMT
September 22, 1999

Comment:

No. 120: The question was not answered. The question asked GTE to explain the pro rata basis for distributing the \$4 million payment. The question did not ask when GTE would explain the pro rata basis. GTE's answer that it will file a proposal with the Commission to address distribution of the \$4 million payment to NECs if it fails to meet the target within 360 days of merger closing does not address the content of that proposal.

No. 121: The question was not answered. The question asked GTE whether the pro rata calculation would take into account the number of resold lines served by all NECs in Ohio. The question did not ask when GTE would explain whether the pro rata calculation would use such lines. GTE's answer that it will file a proposal with the Commission to address distribution of the \$4 million payment to NECs if it fails to meet the target within 360 days of merger closing does not address the content of that proposal.

No. 122: The question was not answered. The question asked GTE whether the pro rata calculation would take into account the number of unbundled loops purchased by all NECs in Ohio. The question did not ask when GTE would explain whether the pro rata calculation would use such loops. GTE's answer that it will file a proposal with the Commission to address distribution of the \$4 million payment to NECs if it fails to meet the target within 360 days of merger closing does not address the content of that proposal.

No. 123: The question was not answered. The question asked GTE whether the pro rata calculation would take into account the number of customers served by all NECs in Ohio. The question did not ask when GTE would explain whether the pro rata calculation would use NEC customers served. GTE's answer that it will file a proposal with the Commission to address distribution of the \$4 million payment to NECs if it fails to meet the target within 360 days of merger closing does not address the content of that proposal.

Response:

GTE reincorporates all of the objections raised in its original responses to these data requests. Subject to and without waiver of those objections, GTE responds that as stated in its original responses, the Company will file a proposal with the Commission that addresses the distribution of the \$4 million payment to NECs, or any portion thereof if the Company fails to meet its agreed to target. The contents of that proposal have not yet been determined. The Joint Applicants have not yet determined whether the pro rata calculation will take into account any or all of the items described.

GTE Corporation and Bell Atlantic Corporation
Supplemental Responses to the Second Set of Data Requests
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Comment: No. 132: The question was not answered. The question asked whether GTE would implement additional performance standards included in the AJPSA if such standards were not included in an FCC order on performance standards. GTE's statement that it would implement AJPSA does not address the question of whether it would implement the AJPSA notwithstanding an FCC order that adopted some, but not all, of the performance measures included in the AJPSA.

Response: GTE reincorporates all of the objections raised in its original response to this data request. Subject to and without waiver of those objections, GTE responds that it further objects to the statement that the response "does not address" the question posed. To clarify, however, GTE will implement the AJPSA notwithstanding an FCC order that adopted some, but not all, of the performance measures included in the AJPSA, provided that to do so would not be inconsistent with any preemptive federal orders.

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