Q.Please state your name and address for the record.

A.My name is Birdelle Brown and my business address is 472 West Washington Street, Boise, Idaho.

Q.By whom are you employed and in what capacity?

A.I am employed by the Idaho Public Utilities Commission as a Telecommunications Analyst.

Q.Are you the same Birdelle Brown who previously filed direct testimony in this proceeding?

A.Yes, I am.

Q.What is the purpose of this rebuttal testimony?

A.This testimony proposes a preliminary Staff recommendation to implement equal access on an intrastate/interstate basis within one year and describes a waiver process to be used where implementation cannot be made within the proposed schedule.  Staff will not make final recommendations until it has had the opportunity to further examine the effects of the Telecommunications Act of 1996 and further analyze the positions of the parties in this case.

Q.What guidelines does the Telecommunications Act of 1996 provide for the implementation of intraLATA equal access?

A.Staff understands that the Telecommunications Act of 1996 gives GTE immediate entry into interLATA long distance and the corresponding requirement to offer dialing parity (equal access) and also requires all other local exchange companies to offer dialing parity.  Staff further understands that when the Bell Operating Companies (BOCs) meet their competitive checklist requirements that include dialing parity throughout the state, or no later than three years, they will be allowed to enter the interLATA market.  When both events occur, LATA boundaries will no longer restrain toll carriers.

Q.What PIC option does Staff recommend for equal access in Idaho?

A.When the goals of the Telecommunications Act are realized, there will be no reason for callers to distinguish between interLATA and intraLATA carriers.  Staff believes, however, that there would be benefit for the customers if they could choose their interexchange carriers (IXC or carrier) for inter- and intrastate traffic rather than intraLATA and interLATA traffic.  The customer who can choose an intrastate and an interstate carrier of choice can use IXCs with limited serving areas or toll packages for intrastate calls and other IXCs for interstate traffic.  This would serve the best interests of the customer.

Therefore, Staff recommends that Idaho customers be able to choose any carrier to provide intrastate toll service and the same or any other carrier to provide interstate toll.  This would be the service provided using a minimum of 2-PIC technology.  However, Staff does not believe LECs should be limited to 2-PIC technology if other technology is preferred that can meet Staff's recommendation.

Q.What must LECs do to provide intrastate equal access using the 2-PIC option?

A.First, LECs must upgrade their switches with a generic software level that gives their switches the capacity to provide the two required choices.  Generally, this generic level upgrade enables the switches to perform new services.  Then, to activate the 2-PIC capabilities, LECs must install (feature) software.  Q.Do Idaho LECs have the technology in place to provide intrastate equal access using the 2-PIC method?

A.Reviewing the parties’ responses to Staff’s first set of Production Requests, Staff found the following scenario for Idaho companies:  Cambridge, Citizens (except Elk City), GTE, Rockland, Midvale and   U S WEST (except for the 2BESS switches in Rexburg, Jerome and Burley) have installed the required generic level.  Century, Rural and Inland have installed the generic level in some, but not all of their switches.  Albion, Troy, Silver Star and Potlatch have not upgraded to this level.  Gem State and Oregon-Idaho are not parties to this case, so were not asked.  Citizens, Inland, Troy and Potlatch plan to complete this upgrade in the near future.  Citizens will upgrade its Elk City switch by June of 1996.  U S WEST will replace its 2BESS switches in Rexburg this year, and the Burley and Jerome switches will be replaced under the Revenue Sharing Plan.  None of the companies have installed the software package that will activate intrastate equal access.

Q.What costs will be incurred to provide intrastate equal access and who should pay for them?

A.Staff proposes that two categories of start-up costs be recovered: 1) incremental costs to purchase, install and test the necessary software to activate intrastate equal access, and 2) administrative costs, including billing system upgrades, training, service order entry, customer education, PIC changes at conversion and other administration expenses.  These costs, which will be incurred by the LECs, should be paid for by IXCs through a recovery charge assessed on a per-line or a per-minute basis.

The costs of new switches or generic upgrades should not be considered intrastate equal access implementation costs in their entirety.  These purchases provide a great many other services, many of which are more basic to the provision of telecommunications than the equal access service.  Most companies who have already installed the generic upgrade required for this feature explained that the upgrade was necessary to meet FCC requirements for other services, to fulfill contractual arrangements with manufacturers for maintenance and to enable their systems to provide features and enhancements.  One company reported that the incremental cost solely attributable to intrastate equal access was not available from the vendors.  Other states have also reported that the vendors are not willing or able to break out the portion of the generic and software upgrades that apply to only one of the several features they offer.  Staff does not recommend that switch replacements or generic upgrades be installed solely to implement equal access and, as stated above, Staff recommends that new switch and/or generic upgrades not be included in the costs attributed to the implementation of intrastate equal access.

Q.Does Staff have an estimate of the implementation costs to provide intrastate equal access in Idaho?

A.No.  Staff attempted, through discovery, to identify the estimated incremental start-up cost that would be incurred by each company, but not all companies were responsive.  If the scope of equal access is expanded from intraLATA/interLATA to intrastate/interstate, the data submitted may be even less adequate to decide costs.  Staff hopes that more comprehensive cost estimates will be developed by the parties as this case continues.

Q.How should intrastate equal access be implemented?

A.It is Staff's understanding that states can order dialing parity immediately for all LECs except the Bell Operating Companies (BOCs).  Given that GTE’s intraLATA restrictions have been eliminated by the Telecommunications Act, Idaho statute does not preclude the IPUC from ordering LECs except U S WEST from making intraLATA or intrastate equal access available immediately.

U S WEST’s implementation will be governed by its progress toward meeting the requirements of the Telecommunications Act and will be coincidental with its entering the “in-region” interLATA market.  Staff recommends that GTE and the independent LECs be required to offer intrastate equal access throughout their serving areas by one year from the date of a Commission order.

GTE and the independent LECs should submit an implementation schedule showing the conversion, by exchange, in order to achieve total conversion within the proposed time frame.  If any company’s serving area cannot be converted within one year because the switching equipment will not support equal access, the company should submit a request for a waiver along with a proposed time schedule for implementation based upon the waiver request.  That waiver should describe the reasons the Commission’s schedule cannot be met, describe the company’s proposed modernization plans and estimate a new schedule.  A waiver granted at this time will not preclude additional waivers (as discussed below) if they are required in the future.

Q.How should the waivers be handled?

A.Staff recommends that the Commission allow companies to request waivers from the ordered installation date for reasons of economic hardship or technological delay.  Requests for waivers should be submitted to the Commission with information explaining why the due date cannot or should not be met and proposing an alternative due date.  Comments should be solicited from other companies, and the Commission should rule on waiver requests within 120 days from the time they are received by the Commission.

Q.Will you please restate Staff’s preliminary recommendations in this testimony?

A.Yes.  Staff recommends:

•that intrastate equal access be provided to enable all customers to select any one carrier for intrastate toll and the same or any other carrier for interstate toll.

•that intrastate equal access be implemented by GTE and the independent LECs for each company’s entire serving area within one year of the date of the Commission’s order.  GTE and the independent LECs should submit schedules showing implementation time-lines on an exchange-by-exchange basis.

•that companies be permitted to request waivers if they find that, for reasons of economic hardship or technological delay, they are unable to provide intrastate equal access within the time frame ordered by the Commission.  Waiver requests should include a proposed timetable for implementation.  After receiving comments, the Commission shall rule on waiver requests.

Q.Does that conclude your rebuttal testimony?

A.Yes, it does.