Q.Please state your name and business address.

A.My name is Joseph W. Cusick and my business address is P.O. Box 83720, Boise, ID 83720-0074.

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

A.I am employed by the Idaho Public Utilities Commission as the Telecommunications Section Supervisor.

Q.Please describe your work experience and educational background.

A.I am a retired employee of U S WEST Communications.  I began my career with New Jersey Bell in 1964 as a draftsman.  Following four years in the US Navy, I worked as a Central Office Technician for New Jersey Bell and U S WEST Communications.  As a Central Office Technician, I was responsible for repair and maintenance of central office switching equipment.

In 1978, I joined the Regulatory Affairs Department of U S WEST Communications in Idaho and worked there until my retirement in 1990.  While in Regulatory Affairs I worked on a wide range of regulatory issues including rate cases, EAS petitions, tariff filings, pricing and cost analysis, and product and service implementation.

In 1992, I joined the Idaho Public Utilities Commission as a Telecommunications Analyst.  Since joining the Commission I have submitted testimony in numerous cases involving a wide range of issues.  In 1996 I assumed the position of Telecommunication Section Supervisor.

I graduated from Idaho State University in 1978 with a BBA in Finance and Management.

Q.What is the purpose of your testimony in this case?

A.The purpose of my testimony is to provide comments and analysis of GTE Northwest’s (GTENW) application for exemption from interconnection provisions of the Federal Telecommunications Act of 1996 (the Act) by virtue of its claimed status as a rural local exchange carrier (LEC).

I testify that GTE does not fit into the definition of a rural telephone company as it claims it does and that, even if it were a rural company under one of the definitions, its exemption should be terminated because it has not demonstrated that interconnection would be 1) unduly economically burdensome, 2) technically infeasible, or 3) contrary to Section 254 Universal Service provisions of the Act.

Q.How does the Act define a rural company?

A.Section 53(37)(D) gives four criteria for being a rural company and reads as follows:

    Rural telephone company.--The term

‘rural telephone company’ means a

    local exchange carrier operating

entity to the extent that such entity--

           (A) provides common carrier service

to any local exchange carrier study

         area that does not include either--

           (i) any incorporated place of 10,000 inhabitants or more, or any part

thereof, based on the most recently availablepopulation statistics of the Bureau of the Census; or

           (ii) any territory, incorporated or unincorporated, included in an urbanized area, as defined by the Bureau of the

Census as of August 10, 1993;

(B) provides telephone exchange service, including exchange access, to fewer than 50,000 access lines;

          (C) provides telephone exchange service

to any local exchange carrierstudy area with fewer than 100,000 access lines; or

(D) has less than 15 percent of its access lines in communities of more than 50,000

on the date of enactment of the Telecommunications Act of 1996.

GTE is claiming exemption under paragraph (D), claiming that it has less than 15 percent of its access lines in communities of more than 50,000 on the date of the Act.  GTE goes on to assert that, even if the Commission looks at GTENW as the operating entity, this position is still valid, as GTENW also fits that definition of a rural telephone company.

Q.Do you believe the Company fits the definition as stated?

A.No, I do not believe it does.  While I agree that GTE does meet the definition of paragraph D for its Idaho study area, I believe that this paragraph calls for a broader definition than that.  To explain why, we must look at the wording of the definition itself.  Paragraphs A and C of the definition both limit the provisions of the definition to a study area, paragraphs B and D do not. Therefore, the criteria in paragraph D must not be looked at on the basis of just the study area but that of the total local exchange carrier.

Q.The Company claims that the operating entity is GTE Northwest, do you agree with that assessment?

A.No, I believe that GTE should be looked at on a holding company basis.  I believe precedent was set by the FCC in its interconnection order when the FCC ruled on the 2% rule addressed in section 251(f)(2) of the Act.  FCC 96-325 Appendix B Final Rules provides the amendments to the Code of Federal Regulations.  In section 51.403 of the order the FCC stated that:

A LEC is not eligible for a suspension

or modification of the requirements of section 251(b) or section 251(c) of the

Act pursuant to section 251(f)(2) of the

Act if such LEC, at the holding company level (emphasis added), has two percent

or more of the subscriber lines installed

in the aggregate nationwide.

For GTE’s compliance with the definition of a rural company as set forth in paragraph D, I believe that the holding company is also the logical entity.

That point is further reinforced by the very nature of the way in which GTE is conducting its business in this case.  Both the negotiating team which has been negotiating with AT&T and the witness who submitted testimony requesting a rural exemption in this case are employed by GTE Telephone Operations in Irving, Texas, not GTE Northwest.

Q.Are there reasons, beyond a strict reading of the definition, why you believe that GTE should not be a considered a rural company?

A.Yes, I believe one must also examine the legislative intent in making an assessment for a rural exemption.  Congress spoke directly to the legislative intent in its Conference Report (House Report, 104-458,p.254, 1-31-96) when it stated that:

The Senate intends that the Commission

of a state shall...use this [rural exemption] authority to provide a level playing field, particularly when a com-

pany or carrier to which this subsection applies faces competition from a tele-

communications carrier that is a large

global or nationwide entity that has financial or technological resources

that are significantly greater than

the resources of the [rural] company

or carrier.

This suggests Congress intended to protect truly small rural telephone companies from competition from large companies like AT&T, MCI, and GTE.  GTE is a large global and nationwide company, with 1995 revenues totaling $20 billion.  It serves customers in 28 states and four foreign countries and, as stated in its annual report, “is one of the world’s largest publicly held telecommunications companies, and is the largest U.S.-based local telephone company and a leading cellular-service provider.”  The Company further states on page 12 of its 1995 Annual Report that “45% of our U.S. access lines are in California, Florida, and Texas, the three largest Sunbelt states, and a third are in five key metropolitan markets:  Dallas, Honolulu, Los Angeles, Riverside/San Bernardino, Calif., and Tampa/St. Petersburg, Fla.”

GTE is the very type of large global and nationwide company that Congress was attempting to protect rural companies against.

Q.Under what provisions may the Commission suspend the rural exemption of a company?

A.The criteria for suspending a rural exemption are spelled out in section 251(f)(1)(B) of the Act.  It states that the “State commission shall terminate the exemption if the request is not unduly economically burdensome, is technically feasible, and is consistent with section 254.”

Q.Does GTE provide proof that the interconnection request of AT&T is economically burdensome, technically feasible, or inconsistent with section 254?

A.No, GTE witness Seaman seems to suggest that AT&T’s request is burdensome, infeasible, and contrary to section 254 simply because the parties disagree on the specific prices, terms, and conditions associated with interconnection.  The fact that the parties do not agree is not just cause to dismiss AT&T’s request.  The particular positions of the parties and their differences is properly addressed in the negotiations of the companies and in any possible arbitration proceeding.  Disagreement with specific terms proposed in a bona fide request (BFR) is not justification for a rural exemption.

If GTE prevails on the issues in its arbitration, then presumably the interconnection with AT&T would not be unduly burdensome, technically infeasible, or inconsistent with section 254.  This suggests that the BFR itself is not problematic for GTE as it might be for a very small, rural company.  Instead, it is the position AT&T advocates on the disputed issues that GTE finds unduly burdensome.

Q.Do you have some specific examples of the disputed issues which Mr. Seaman contends are unduly burdensome, technically infeasible, or violate provision of section 254?

A.Yes.  Starting at page 13, line 25 and continuing to page 15, line 16, Mr. Seaman disputes AT&T’s pricing and costing methodology.  This discussion is appropriate for negotiations and arbitration, but is not proof that AT&T’s BFR is unduly burdensome.  Beyond that Mr. Seaman talks extensively about the possible need to modify GTE’s network to meet AT&T’s requests and the difficulties of subloop unbundling, routing of operator services, and the effect of AT&T’s pricing methodologies on universal service.

Q.Do these questions raise any new issues?

A.No, these are all issues which are being addressed by the RBOCs, all of which are smaller than GTE, in their negotiation with AT&T and other CLECs.  They will be decided in negotiations or in arbitration.

Q.Will the Commission have an opportunity to review arbitration settlements to ensure that the requirements are not unduly burdensome, technically feasible and meet the requirements of section 254?

A.Yes, section 252 (e) of the Act requires that “[a]ny interconnection agreement adopted by arbitration or negotiation shall be submitted for approval to the State Commission”.  Part of that review states that the Commission may reject the settlement if it does not meet the requirements of section 251.

Q.Should the Commission grant GTE’s request for a rural company exemption?

A.No.  Clearly, competition is the order of the day and is mandated by the federal Act.  It is inconceivable to me that Congress would have intended for the largest local exchange carrier in the nation to somehow be excluded from the competitive requirements of the Act and to deny its customers the benefits of this competition at the same time this carrier is actively pursuing competitive markets itself.  The face the Company presents in this case and in the other states where GTE has asked for a rural exemption is far different than that presented in its 1995 Annual Report.  On page 4 of that report GTE’s Chairman and CEO, Chuck Lee states:

Open competition is going to change the

face of GTE, but we’ve been getting ready

for it and we welcome the new environment.

GTE should be held to the word of its Annual Report and its rural exemption should be suspended.

Q.Does that conclude your testimony?

A.Yes, it does.