

1 PLACE: Dobbs Building, Raleigh, North Carolina
2 DATE: March 12, 1997 DOCKET NO.: P-462, Sub 1
3 TIME IN SESSION: 9:30 - 9:50
4 BEFORE: Dan Long, Hearing Examiner

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IN THE MATTER OF:

CaroNet, LLC
Application for Certificate to Provide Switched Long
Distance Service.

A P P E A R A N C E S:

FOR CARONET LLC:

Len S. Anthony, Associate General Counsel
Carolina Power & Light Company
Post Office Box 1551
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1 P-462, Sub 1

March 12, 1997

2 EXAMINER LONG: All right, I'll call this
3 hearing to order. My name is Daniel Long and I will be
4 the Hearing Examiner this morning.

5 I call for hearing Docket P-462, Sub 1, which
6 is in the matter of the application of CaroNet, LLC, for
7 a Certificate of Public Convenience and Necessity to
8 provide local exchange and exchange access service in
9 North Carolina.

10 This matter began on September 20, 1996, when
11 an application was filed. The Attorney General filed
12 Notice of Intervention on September 30th of 1996 and
13 BellSouth was allowed to intervene on October 1, 1996.
14 On February 5 of this year an order setting hearing was
15 issued. A data response to the Public Staff was filed
16 by the applicant on February 6. On March 5, 1997, the
17 applicant filed prefiled testimony.

18 That brings us up to date as far as the
19 history of the docket is concerned. At this point I
20 would like the parties to identify themselves for the
21 record beginning with the applicant.

22 MR. ANTHONY: Thank you. Len Anthony
23 representing CaroNet Limited Liability Company.

24 MR. LITTLE: Jimmy Little with the Public

1 Staff representing the using and consuming public.

2 MS. LONG: Karen Long with the North Carolina
3 Department of Justice representing consumers.

4 EXAMINER LONG: All right. I believe that we
5 may proceed. You may call your witness.

6 MR. ANTHONY: Thank you. CaroNet calls Wayne
7 Hamilton as our first and only witness.

8 WAYNE HAMILTON; Being first duly sworn,
9 testified as follows:

10 EXAMINER LONG: Please be seated. State your
11 name, business address and title for the record.

12 A. My name is Wayne Hamilton. My business address is
13 434 Fayetteville Street, Suite 1860. My title is
14 General Manager of CaroNet.

15 EXAMINER LONG: All right. You may proceed.

16 DIRECT EXAMINATION BY MR. ANTHONY:

17 Q. Mr. Hamilton, prior to your appearance here today,
18 did you cause to be prefiled 4 pages of testimony?

19 A. Yes.

20 Q. Do you have any corrections or changes you would
21 like to make to that testimony at this time?

22 A. No, I don't.

23 Q. If I were to ask you the same questions that
24 appear in that prefiled testimony, would your answers be

1 the same?

2 A. Yes.

3 MR. ANTHONY: Mr. Hearing Examiner, we ask
4 that Mr. Hamilton's prefiled direct testimony, 4 pages
5 in length, be copied into the record as if read.

6 EXAMINER LONG: So ordered.

7 (REPORTER'S NOTE: The prefiled testimony of WAYNE
8 HAMILTON will be reproduced in the record at this point
9 the same as if the questions had been orally asked and
10 the answers orally given from the witness stand.)

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DOCKET NO. P-472. SUB 1
DIRECT TESTIMONY OF WAYNE C. HAMILTON
ON BEHALF OF CARONET, LLC

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Wayne C. Hamilton, and my business address is CaroNet, LLC ("CaroNet"), Suite
3 1860, Two Hannover Square, 434 Fayetteville Street Mall, Raleigh, North Carolina 27601.

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

5 A. I am employed by CaroNet as General Manager. In that position, I am responsible for the
6 development and implementation of CaroNet's business plan and operations, including our effort
7 to obtain certification to provide local and long distance service.

8 Q. WHAT ARE YOUR PROFESSIONAL QUALIFICATIONS AND EXPERIENCE?

9 A. I have been general manager of CaroNet since its formation in 1994. My responsibilities over
10 the past 5 years have been focused on management of telecommunications services, managing
11 CP&L's entry into the wireless telecommunications business in a limited partnership with
12 BellSouth, and entry into fiber optics communications business as a carrier's carrier in the
13 Carolinas. I also have extensive experience as manager of CP&L's internal telecommunications
14 systems. My work as manager of CP&L's telecommunications systems included:

- 15 • Internal telephone system - over 150 PBX and key systems, over 10,000 phones
- 16 • 30,000 square mile two-way radio network - over 3500 vehicle and portable two-way
- 17 radios
- 18 • 650 mile microwave communication network
- 19 • 750 mile fiber optic communication network
- 20 • Network control and operation center
- 21 • 80 person telecommunication maintenance group

22 Prior to coming to CP&L, my experience and responsibilities include over 24 years of computer
23 management and computer technology experience with General Electric and IBM.

1 Q. HAVE YOU PREVIOUSLY TESTIFIED?

2 A. Yes. I have testified in CaroNet's carrier's carrier certification docket in the state of South
3 Carolina.

4 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

5 A. My testimony recommends that this Commission grant to CaroNet, LLC a Certificate of Public
6 Convenience and Necessity for the provision of local exchange telecommunications services
7 within the State of North Carolina, as requested in the company's application filed with the
8 Commission September 20, 1996, which I hereby sponsor as CaroNet Exhibit 1. As part of that
9 recommendation, I will present evidence of the company's managerial, financial, and technical
10 abilities to provide the service for which the certificate is sought. Attached to my testimony are
11 an income statement, marked as Exhibit 2, and a map showing the areas CaroNet proposes to
12 serve, marked as Exhibit 3.

13 Q. WHAT IS THE RELATIONSHIP BETWEEN CARONET, LLC AND CAROLINA POWER &
14 LIGHT COMPANY?

15 A. CaroNet is a North Carolina limited liability company owned by Carolina Power & Light
16 Company ("CP&L") and another wholly-owned subsidiary of CP&L, CaroCapital, Inc. CP&L
17 and CaroCapital are member managers of the limited liability company

18 Q. IS CARONET AUTHORIZED TO CONDUCT BUSINESS IN THE STATE OF NORTH
19 CAROLINA?

20 A. Yes. CaroNet is now registered with the North Carolina Secretary of State and is authorized to
21 conduct business in the State. CaroNet has been doing business as a carrier's carrier in North
22 Carolina.

23 Q. WHAT ARE THE SERVICES FOR WHICH CARONET IS SEEKING AUTHORITY?

24 A. The services CaroNet seeks to offer include the entire range of local exchange
25 telecommunications services. CaroNet seeks to offer these services throughout the State, except
26 in franchised areas within the State that are being served by incumbent local exchange

1 companies having 200,000 or fewer access lines within North Carolina. As shown by CaroNet
2 Exhibit 3, CaroNet will offer end-user services only in the areas currently being served by Sprint
3 Carolina Telephone, GTE, and BellSouth.

4 Q. DOES CARONET HAVE AUTHORITY TO OFFER LOCAL EXCHANGE SERVICES IN
5 OTHER STATES?

6 A. No, not at this time.

7 Q. IS IT YOUR TESTIMONY THAT IT IS IN THE PUBLIC INTEREST FOR CARONET TO BE
8 AUTHORIZED TO PROVIDE SUCH SERVICES?

9 A. Yes.

10 Q. HOW IS THE PUBLIC INTEREST SERVED BY AUTHORIZING NEW PROVIDERS TO
11 OFFER INTRASTATE TELECOMMUNICATIONS SERVICES?

12 A. CaroNet's network is primarily located on electric utility transmission line right of way,
13 providing a high level of reliability and route diversity. CaroNet currently provides access to
14 infrastructure for other carriers and resellers of interexchange and other telecommunications
15 services. The service requested in this proceeding is in the public interest because access to the
16 CaroNet fiber optics network and networks with which its network is connected will enhance
17 reliability and route diversity for end users of telecommunications services throughout North
18 Carolina.

19 Q. DOES CARONET HAVE THE NECESSARY MANAGERIAL, FINANCIAL AND
20 TECHNICAL CAPABILITIES TO PROVIDE THESE SERVICES?

21 A. Yes.

22 Q. WHAT EVIDENCE IS THERE OF CARONET'S MANAGERIAL, FINANCIAL AND
23 TECHNICAL CAPABILITIES TO PROVIDE THESE SERVICES?

24 A. Information supporting CaroNet's managerial, financial, and technical capabilities to offer local
25 exchange telecommunications services was provided in CaroNet's application and supplemental
26 information requested by Public Staff.

1 Exhibits C and D attached to the application describe the experience and background of
2 key personnel and of CaroNet. This information demonstrates that CaroNet will bring a great
3 deal of experience in constructing and maintaining high-quality, state-of-the-art
4 telecommunications networks to North Carolina customers if its application is approved.

5 Q. WHAT ARE CARONET'S FINANCIAL CAPABILITIES?

6 A. Because of CaroNet's affiliation with CP&L, it has access to significant financial resources.
7 Attached to the original application as Exhibit E is a copy of the latest annual report to the
8 shareholders of CP&L, which demonstrates the financial strength of the corporation.

9 Q. DOES CARONET RECOGNIZE ITS RESPONSIBILITY TO ADHERE TO ALL
10 APPLICABLE COMMISSION POLICIES, RULES, AND ORDERS?

11 A. Yes, it does. To be successful, CaroNet will strive to offer excellent customer service that
12 exceeds its customers' expectations regardless of the obligations imposed by the Commission's
13 rules, but we fully intend to abide by all applicable policies, rules, and orders of the Commission.

14 Q. WILL CARONET MEET THE SERVICE STANDARDS THAT THE COMMISSION MAY
15 ADOPT?

16 A. Yes, it will.

17 Q. DOES CARONET COMMIT THAT IT WILL PARTICIPATE IN THE SUPPORT OF
18 UNIVERSALLY AVAILABLE TELEPHONE SERVICE AT AFFORDABLE RATES?

19 A. Yes.

20 Q. DOES CARONET INTEND TO FILE A PRICE LIST FOR THE SERVICES IT IS SEEKING
21 AUTHORITY TO OFFER?

22 A. Yes.

23 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

24 A. Yes, it does.

1 Q. (MR. ANTHONY) Mr. Hamilton, did you also have
2 some exhibits attached to your testimony?

3 A. Yes.

4 Q. And I believe your first exhibit was the
5 application itself that was filed by CaroNet?

6 A. Yes.

7 Q. And the second exhibit is an income statement for
8 CaroNet effective for the 12 months ending in July 31,
9 1996?

10 A. Yes.

11 Q. Are those 2 exhibits correct --

12 A. Yes, they are.

13 Q. -- to your knowledge? Were they prepared either
14 by you or under your direct supervision and control?

15 A. Yes, they were.

16 MR. ANTHONY: Mr. Hearing Examiner, we ask
17 that those exhibits be identified as CaroNet Exhibits 1
18 and 2 for the record please.

19 EXAMINER LONG: Those will be so identified.

20 CARONET EXHIBITS 1 AND 2

21 (Identified)

22 MR. ANTHONY: Mr. Hearing Examiner, Exhibit
23 Number 3 is the map that is intended to show the service
24 territories CaroNet initially wishes authority to serve.

1 There has been some confusion on CaroNet's part, and I
2 will take responsibility for that, as to exactly what
3 format that map needs to take. Discussions prior to the
4 hearing we met with the Public Staff and as soon as this
5 is over I will go meet with them and ensure that I
6 understand how the map is supposed to be formatted and
7 we will file that map sometime today. The bottom line
8 being, as described in Mr. Hamilton's testimony, we're
9 seeking authority to serve those service territories
10 currently served by I guess it's now BellSouth. It's
11 hard for me to change my terminology, GTE and Sprint
12 Carolina, those areas with more than 200,000 access
13 lines.

14 EXAMINER LONG: Very good.

15 MR. ANTHONY: With that, Mr. Hearing Examiner,
16 the testimony is so brief I didn't see much use for a
17 summary and Mr. Hamilton is available for
18 cross-examination.

19 EXAMINER LONG: All right. Public Staff.

20 CROSS-EXAMINATION BY MR. LITTLE:

21 Q. Thank you, sir. Mr. Hamilton, would you just give
22 a brief description of the service CaroNet intends to
23 provide?

24 A. CaroNet intends to provide local telecommunication

1 services. CaroNet is currently in the process of
2 determining exactly what they will be and the business
3 case that supports those services.

4 Q. Would CaroNet offer its legal services to everyone
5 within the service areas or only to particular
6 businesses or individuals?

7 A. I'm sorry, did you say legal services?

8 Q. If I said legal, I didn't mean legal, it's
9 services?

10 A. Say again please.

11 Q. Do you intend to offer your services to everyone
12 within the area or only to particular individuals or
13 companies?

14 A. Within the areas that we're allowed to serve to
15 potentially everyone.

16 Q. Okay. In accordance with House Bill 161 the
17 Commission issued an order on February 23 that sets
18 forth the rules for the application and certification of
19 CLP's. Does CaroNet agree to abide by all the
20 applicable statutes and all applicable orders, rules and
21 regulations entered and adopted by the Commission?

22 A. Yes.

23 Q. Does CaroNet intend to offer COCOT service?

24 A. We do not.

1 Q. Do you understand that prior to offering COCOT
2 service, you must provide to the Commission the address
3 to be used by the serving LEC and billing for PTA's,
4 lines or trunks and by CaroNet in meeting COCOT notice
5 requirements?

6 A. Yes.

7 Q. With the February order the Commission concluded
8 that tariffs would not be required to be certified but
9 ruled that all CLP's should file a price list as soon as
10 practical or upon receiving a certificate. Will CaroNet
11 file such a price list for the services it proposes to
12 offer?

13 A. We will.

14 Q. Okay. Do you understand that you must charge the
15 exact rates contained in your price list?

16 A. We understand.

17 Q. You understand that prior to making any changes to
18 its rates that you must file those changes with the
19 Commission?

20 A. Yes.

21 Q. Prior to increasing rates, would CaroNet notify
22 the affected customers of the increase and provide a
23 copy of the notice to the Commission?

24 A. Yes.

1 Q. Prior to offering a new service, would CaroNet
2 file the price list changes with the Commission?

3 A. Yes.

4 Q. Prior to discontinuing a service, would CaroNet
5 notify the affected customers of the discontinuance and
6 provide a copy of the notice and price list changes to
7 the Commission?

8 A. Yes.

9 Q. Does CaroNet intend to abide by the Commission's
10 rules and regulations including but not limited to
11 Commission rule R12 on customer deposits and billing
12 practices?

13 A. Yes.

14 Q. Does CaroNet plan to employ independent sales
15 agents in offering its intrastate services?

16 A. At this time I don't know.

17 Q. What kind of training does CaroNet provide to its
18 sales force or independent agents?

19 A. CaroNet first will seek to hire sales people from
20 the industry, you know, knowledgeable about the
21 industry. There would be internal training provided to
22 individuals who were not familiar with specific
23 products.

24 Q. If CaroNet uses independent agents, do you

1 understand that the Commission views independent agents
2 as extensions of CaroNet and that CaroNet will be
3 responsible for ensuring that its agents are in
4 compliance with the Commission's rules and regulations
5 as well as CaroNet's price list?

6 A. Yes.

7 Q. Does CaroNet understand that its independent
8 agents are merely marketing CaroNet services and that
9 this should be made clear to prospective customers?

10 A. Yes.

11 Q. Is CaroNet willing to provide the standard
12 contract it uses in contracting with independent agents
13 as a late-filed exhibit if in fact you decide to do
14 that?

15 A. Yes.

16 Q. Does CaroNet intend to operate under an assumed
17 name in North Carolina?

18 A. Not at this time.

19 Q. If you change your mind, would you inform the
20 Commission that you're going to operate under an
21 different assumed name in the future?

22 A. Yes.

23 Q. In the revision of local exchange service, CaroNet
24 would be in a position to control its customers' choice

1 of long distance carrier. Would you agree with that?

2 A. Yes.

3 Q. How will your process -- excuse me, could you
4 describe your process for selection and changing of long
5 distance carrier and describe how that process would
6 differ from that used by any other LEC such as
7 BellSouth?

8 A. CaroNet at this point in its life has not yet
9 established the process to do that. The thing that we
10 do understand is that it's a serious concern and
11 something that has to be done with a great deal of
12 process and a great deal of accuracy and that it's -- it
13 is not allowed to change somebody's long distance
14 provider without their consent.

15 Q. Does CaroNet intend to allow each customer to
16 presubscribe to his or her choice of long distance
17 carrier?

18 A. Yes.

19 Q. Is CaroNet familiar with the problems that
20 slamming has caused long distance customers?

21 A. Yes.

22 Q. Are you familiar with the rules the FCC has made
23 in an effort to control the problem?

24 A. Yes.

1 Q. Now those rules would apply to a long distance
2 carrier's handling of customers' requests to change long
3 distance carriers, do they not?

4 A. Yes.

5 Q. Will you establish a process to ensure that IXC's
6 do not change their customer's long distance carrier
7 without the customer's permission?

8 A. Yes.

9 Q. CaroNet would also be in a position to change a
10 customer over to local service exchange without the
11 customer's approval, would it not?

12 A. Yes.

13 Q. Does CaroNet understand that it would not be
14 acceptable for CaroNet to engage in such practices?

15 A. Yes.

16 Q. And will CaroNet establish internal procedures to
17 see that that will not happen?

18 A. Yes.

19 Q. The final area, since CaroNet is a subsidiary of
20 CP&L, what steps are going to be taken to ensure that
21 CP&L operation in no way subsidizes CaroNet's operations?

22 A. This is a very important issue that we've
23 examined, particularly on the electric company's side,
24 and I'm advised that all steps have been taken to ensure

1 that there is no subsidy and that CaroNet offer it's --
2 an arm's length basis independent.

3 Q. So are we to assume from that, for instance, that
4 the time that Mr. Anthony has spent on this will be
5 billed to CaroNet?

6 A. That's correct.

7 Q. And any other employee of CP&L who normally works
8 full time for CP&L, to the extent that they provide
9 services to CaroNet, that time will be allotted to
10 CaroNet?

11 A. Yes.

12 Q. Okay. Thank you, sir.

13 EXAMINER LONG: All right, Attorney General.

14 MS. LONG: Good morning.

15 CROSS-EXAMINATION BY MS. LONG:

16 Q. Excuse me, Mr. Hamilton. I'm going to ask about 2
17 broad areas. One is about the physical structure of
18 CaroNet's current network and the other is about
19 corporate relationships.

20 A. All right.

21 Q. Let's start with the physical structure. I notice
22 on your Exhibit 1, which is the application, there is a
23 map, it's labeled Exhibit D to Application Exhibit 1 and
24 it's a sheet that shows the CaroNet network.

1 A. All right.

2 Q. Okay. If I understand it correctly, CaroNet, the
3 physical part of CaroNet is a 750 mile fiber optic sort
4 of like a big ring. Is that a correct representation?

5 A. I should point out that the fiber optic network
6 that is depicted there is owned by Carolina Power &
7 Light. CaroNet leases capacity on that network for its
8 purposes.

9 Q. Okay. So the network actually is an asset of CP&L
10 which is the electric --

11 A. That's correct.

12 Q. -- corporation?

13 A. Right.

14 Q. Okay. And that network is a fiber optic network,
15 750 miles and a big ring that goes from Raleigh to Selma
16 to Goldsboro to Kinston to New Bern to Jacksonville to
17 Wilmington down to the Brunswick plant over to Lumberton
18 into South Carolina, which I can't see because it's dark
19 on my copy, back up through Laurinburg, Fayetteville up
20 to Raleigh with a little arm sticking out to Sanford, is
21 that right?

22 A. That's correct.

23 Q. Okay. And that fiber optic network uses what, a
24 SONAT?

1 A. SONAT OC48 technology.

2 Q. Okay. Which is a signaling protocol, is that
3 right?

4 A. I think that's a fair description.

5 Q. This is real layman oriented. All right, and that
6 network is used to dispatch power from various plants in
7 the CP&L service area, is that right?

8 A. That's my understanding. The electric company
9 used it for a number of purposes including that.

10 Q. Okay, and that network has a lot of dark fiber,
11 unused capacity, is that right?

12 A. It has dark, unused fiber capacity, yes.

13 Q. Okay. And that is in fact some of the fiber that
14 CaroNet leases, is that correct?

15 A. That's correct.

16 Q. Okay. Does CP&L lease any of that fiber to other
17 telephone companies besides CaroNet?

18 A. Not to my knowledge.

19 Q. Okay. No interexchange carriers use it?

20 A. Do interexchange carriers currently use it?

21 Q. Uh-huh.

22 A. Through CaroNet but not through CP&L.

23 Q. Okay. So CaroNet is like the marketing arm of the
24 dark fiber? Is that a correct representation?

1 A. CaroNet is the only -- is the only entity
2 currently, you know, marketing that fiber.

3 Q. Okay. So if I were a long distance carrier and I
4 wanted some capacity and I called CP&L, they, say, woop,
5 go talk to Wayne Hamilton at CaroNet, is that right?

6 A. Yes.

7 Q. Okay. Now, both -- I assume that you think
8 CaroNet will grow, is that right?

9 A. Yes.

10 Q. Okay. And I assume CP&L thinks that its electric
11 load will grow, is that right?

12 A. Yes.

13 Q. What's the planning for the point where they grow
14 so much that this fiber optic network isn't big enough
15 or is that so far in the distance it's not even worth
16 talking about?

17 A. Based on my experience as manager of
18 telecommunications at one point in my career for that
19 network and then my own knowledge of where we are at at
20 CaroNet, that is very far in the future. It's hard to
21 imagine that we'd be in a situation where there wasn't
22 sufficient capacity for the electric company.

23 Q. Okay. Now CaroNet was incorporated in 1994, is
24 that right?

1 A. Yes.

2 Q. And you moved your duties from CP&L over to
3 CaroNet, is that correct?

4 A. That's correct.

5 Q. Then in 1996 it was redone as a limited liability
6 corporation?

7 A. Yes.

8 Q. Okay. And that limited liability corporation
9 is -- the owners of it are CP&L, is that right?

10 A. CP&L and CaroCapital (spelling uncertain).

11 Q. Okay. Let's talk just a little bit about who
12 CaroCapital is. Who is CaroCapital?

13 A. Well, there -- from a business standpoint and for
14 tax purposes my understanding is that CaroCapital was
15 formed to create a more favorable position for the
16 treatment of tax liability as to the business that
17 CaroNet would bring.

18 Q. Okay. CaroCapital is a wholly-owned subsidiary of
19 CP&L?

20 A. Yes.

21 Q. As is CaroNet as well?

22 A. That's right.

23 Q. Okay. Now CaroNet also owns an interest in, if I
24 understand your annual report correctly, a 10 percent

1 interest in BellSouth Carolina's PCS (personal
2 communication system), is that right?

3 A. Yes.

4 Q. Okay. So that CaroNet with its 10 percent
5 interest has put 50 million dollars -- invested 50
6 million dollars in anticipation of this personal
7 communications system?

8 A. Yes, they've committed 50 million.

9 Q. Okay. And when I say CaroNet, actually CP&L has
10 committed it to CaroNet which has committed it to the
11 PSC?

12 A. Correct.

13 Q. Okay. When will that PCS, I'm sorry, network be
14 up and running?

15 A. The network became operational in July of '96 in
16 part of North Carolina and has been expanding its
17 operational area, you know, since that time.

18 Q. In what part of North Carolina?

19 A. Started in the Charlotte area and has migrated to
20 the east and as well as in areas of South Carolina.

21 Q. Okay. It doesn't appear at the moment to be
22 contiguous with your fiber ring, is that a correct
23 representation?

24 A. The BellSouth PCS service area in fact overlays

1 the area in which the network operates.

2 Q. Okay. So that license BellSouth got for this PCS
3 system you own part of goes all the way to the coast, is
4 that right?

5 A. Yes. The PCS license covers the entire State of
6 North and South Carolina and part of eastern Tennessee.

7 Q. Okay. How much was invested to buy the 10 percent
8 part of the PCS, do you know?

9 A. Well, there's a commitment to fund up to 50
10 million dollars for our 10 percent share. To this point
11 there have been expended about 35 million.

12 Q. Is there any other money invested in the PCS to
13 this point either by CP&L, by CaroNet or by CaroCapital?

14 A. No.

15 Q. Or anyone else?

16 A. None other than we discussed.

17 Q. Which brings me actually back to the physical part
18 of it. How exactly does CaroNet anticipate offering
19 local service? Will you buy and resell connections from
20 the ring to peoples' houses? Will you use the PSC
21 license to use a radio connection or a personal
22 communication system?

23 A. Couple of comments on that. There's -- certainly
24 the price of resale service has a bearing in that or on

1 unbundled elements. And as we examine our potential
2 entry into that business, you know, we'll look at those
3 options versus building our own network. So our intent,
4 though, if I could venture a guess, I expect that we'll
5 use resold service from the incumbent providers and
6 eventually replace that with our own connection when it
7 makes economic sense.

8 Q. Okay. When do you anticipate being able to offer
9 local service? Do you have a date?

10 A. Our objective would be sometime in the fourth
11 quarter.

12 Q. Of 19?

13 A. 1997.

14 Q. Okay. And where will you first offer it, do you
15 know?

16 A. It's not determined at this time.

17 Q. Have you begun negotiations with the incumbent
18 LEC's to do interconnection?

19 A. We have not.

20 Q. No negotiations, all right. Do you anticipate
21 beginning them soon?

22 A. Yes. Within 60 days.

23 Q. Okay. The last thing I have to ask you is you
24 have included in the application a list of board members

1 for CaroNet and some of those people I know probably
2 aren't board members anymore. Glen Harder is a board
3 member. Is he still a board member?

4 A. Yes.

5 Q. And what is his position at CP&L?

6 A. He's Executive Vice President/Chief Financial
7 Officer.

8 Q. Of CP&L?

9 A. Yes.

10 Q. Who has replaced Ms. Glass as a member?

11 A. Mark Mulhern, M-u-l-h-e-r-n.

12 Q. And Mr. Mulhern is?

13 A. Is Vice President and Treasurer.

14 Q. Of CP&L?

15 A. Of CP&L.

16 Q. And there's you.

17 A. Yes.

18 Q. You're on the board?

19 A. Yes.

20 Q. How about Mr. Weathers? What is his position?

21 A. Is no longer on the board.

22 Q. All right, and who has replaced him?

23 A. There's no replacement.

24 Q. So the Director for Business Development is

- 1 currently vacant?
- 2 A. That's correct.
- 3 Q. Do you anticipate filling that?
- 4 A. Yes, we do. We have a number of applicants so in
5 possibly 90 days hope to have that filled.
- 6 Q. So you're in the interview process?
- 7 A. That's correct.
- 8 Q. Okay. How about Mr. Furiness?
- 9 A. Yes, he is with CaroNet, our Director of
10 Technology.
- 11 Q. And he has no official role at CP&L or any other
12 CP&L corporation?
- 13 A. No. He's completely committed to CaroNet.
- 14 Q. As I assume you are?
- 15 A. Yes.
- 16 Q. So you guys are true-blue, stick-like-glue
17 CaroNet?
- 18 A. That's right.
- 19 Q. How about Mr. Renegar?
- 20 A. Mr. Renegar is our financial analyst.
- 21 Q. Is he a solely CaroNet employee?
- 22 A. Yes.
- 23 Q. All right, Mr. Pople?
- 24 A. He's no longer with us.

- 1 Q. And who replaced him as general sales manager?
- 2 A. Dan Daniel, Wallace G. Daniel is his name.
- 3 Q. Okay. Is he only a CaroNet employee?
- 4 A. Yes.
- 5 Q. And what is his background as sales manager?
- 6 A. He worked for Air Products for a number of years
- 7 and then more recently has been involved in leasing of
- 8 sites to wireless companies throughout the State of
- 9 North Carolina.
- 10 Q. So his background is more a wireless marketer?
- 11 A. Yes, but in the past year has worked directly in
- 12 the carriers carrier, finding fiber optic capacity
- 13 carriers.
- 14 Q. Is he also the Director of Wireless Network
- 15 Services?
- 16 A. He's actually -- I'm announcing shortly that he
- 17 will move into the Sales General Manager position.
- 18 Q. Okay. So that then the Director of Wireless will
- 19 be a vacancy?
- 20 A. That's a vacant position.
- 21 Q. Okay. And should we be quiet about that?
- 22 A. I think everybody knows.
- 23 Q. Be right embarrassing if Mr. Daniel didn't know
- 24 officially?

1 A. Mr. Daniel knows.

2 Q. So the Director of Wireless Network Services will
3 soon be vacant, is that right?

4 A. Correct.

5 Q. Okay. How about the Coordinator of Officers? Is
6 Ms. Gimbert still there?

7 A. Yes.

8 Q. Okay. Is she solely a CaroNet employee?

9 A. That's correct.

10 Q. Did she come from CP&L?

11 A. Yes.

12 Q. Okay, and what was she at CP&L?

13 A. She was a secretary in the Telecommunications
14 Department.

15 Q. Okay.

16 MS. LONG: That's all I have. Thank you.

17 EXAMINER LONG: All right. Do you have any
18 redirect?

19 MR. ANTHONY: No. We apologize for not
20 updating that attachment to the application prior to the
21 hearing. That's all we have.

22 EXAMINER LONG: All right. You may step down.

23 (WITNESS EXCUSED)

24

1 EXAMINER LONG: I take it the Public Staff has
2 no witnesses?

3 MR. LITTLE: No, sir.

4 EXAMINER LONG: All right. At this point in
5 the hearing I would direct the applicant to prepare a
6 Proposed Recommended Order to be run by the Public Staff
7 and Attorney General for their review and then given to
8 me for my review and approval and be sure and file a
9 disk at that time when you have gone through that
10 process and if there's no further business --

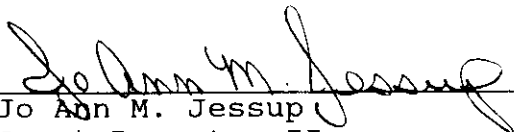
11 MR. LITTLE: Just to clarify one thing,
12 Mr. Examiner. It will be the responsibility of the
13 company to file the order and the disk with the Clerk?

14 EXAMINER LONG: That's correct. And so if
15 there's no further business to come before us, then this
16 hearing is adjourned.

17 _____
18 WHEREUPON, this hearing was adjourned.
19 _____
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CERTIFICATE

The undersigned Court Reporter certifies that this is the transcription of notes taken by her during this proceeding and that the same is true, accurate and correct.


Jo Ann M. Jessup
Court Reporter II
March 12, 1997

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