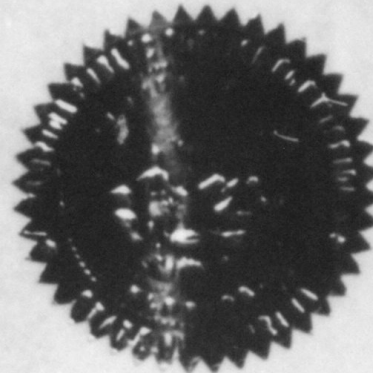


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

DOCKET NO. 961150-TP

Petition by Sprint
Communications Company Limited
Partnership, d/b/a Sprint for
arbitration with BellSouth
Telecommunications, Inc.
concerning interconnection
rates, terms, and conditions
pursuant to the Federal
Telecommunications Act of 1996.



VOLUME 2
Pages 173 through 344

PROCEEDINGS:

HEARING

BEFORE:

COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE A. GARCIA

DATE:

Tuesday, December 3, 1996

TIME:

Commenced at 9:35 a.m.
Concluded at 10:00 a.m.

PLACE:

Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY:

H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter

APPEARANCES:

(As heretofore mentioned.)

FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER - DATE

12978 DEC-59

FPSC-RECORDS/REPORTING

I N D E X

WITNESSES - VOLUME 2

NAME

PAGE NO.

ALPHONSO J. VARNER (Adopted by Witness Scheye)

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 175

Prefiled Rebuttal Testimony Inserted
Into the Record by Stipulation 220

GLORIA CALHOUN

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 239

Prefiled Rebuttal Testimony Inserted 308

WILLIAM V. ATHERON, JR.

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 330

MISCELLANEOUS- VOLUME 2

ITEM

PAGE NO.

Posthearing change in Varner's
Rebuttal Prefiled Testimony 219

Posthearing change in Gloria
Calhoun's Rebuttal Testimony 307

CERTIFICATE OF REPORTER

344

BELLSOUTH TELECOMMUNICATIONS, INC.
TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 961150-TP
OCTOBER 15, 1996

1
2
3
4
5
6
7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH
8 BELLSOUTH TELECOMMUNICATIONS, INC. (HEREINAFTER REFERRED
9 TO AS "BELLSOUTH" OR "THE COMPANY").
10

11 A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director
12 for Regulatory Policy and Planning for the nine state BellSouth region. My
13 business address is 675 West Peachtree Street, Atlanta, Georgia, 30375.
14

15 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
16 EXPERIENCE.
17

18 A. I graduated from Florida State University in 1972 with a Bachelor of Engineering
19 Science degree in systems design engineering. I immediately joined Southern Bell
20 in the division of revenues organization with the responsibility for preparation of all
21 Florida investment separations studies for division of revenues and for reviewing
22 interstate settlements.

1
2 Subsequently, I accepted an assignment in the rates and tariffs organization with
3 responsibilities for administering selected rates and tariffs including preparation of
4 tariff filings. In January 1994, I was appointed Senior Director of Pricing for the
5 nine state region. I assumed my current responsibilities in August 1994.
6

7 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE FLORIDA
8 PUBLIC SERVICE COMMISSION (HEREINAFTER REFERRED TO AS THE
9 "FPSC" OR THE "COMMISSION")?
10

11 A. Yes. I have filed testimony before this Commission on several occasions; most
12 recently in the AT&T and MCI local interconnection arbitration proceedings,
13 Docket Nos. 960833 and 960846.
14

15 Q. WHAT IS THE PURPOSE OF THE TESTIMONY THAT YOU ARE FILING
16 TODAY?
17

18 A. The purpose of my testimony is to address the Petition for Arbitration of
19 Interconnection filed by Sprint Communications Company. Specifically, my
20 testimony: 1) presents a brief overview of BellSouth's position on competition;
21 2) discusses broadly the requirements of the Telecommunications Act of 1996
22 (hereinafter referred to as the "Act"); 3) provides an overview of the Federal

1 Communications Commission's (hereinafter referred to as the "FCC") First
2 Report and Order in Docket No. 96-98 (hereinafter referred to as the "FCC's
3 Order") with regard to the issues raised by Sprint that are included in the matrix
4 attached as Exhibit 3 to Sprint's filing; and 4) introduces the Company's
5 witnesses who will address the specific issues in more detail.

6
7 Q. HOW IS YOUR TESTIMONY ORGANIZED?

8
9 A. My testimony is divided into three parts: I) General Discussion; II) Issues Raised
10 by Sprint; and III) Introduction of BellSouth Witnesses and Summary. In Part II,
11 I have tried to follow the general structure of Sprint's Matrix of Issues.

12
13 **I. GENERAL DISCUSSION**

14
15 Q. DOES BELL SOUTH SUPPORT COMPETITION IN THE LOCAL
16 TELECOMMUNICATIONS MARKET?

17
18 A. Yes. BellSouth believes that competition for local exchange telecommunications
19 services is in the public interest if implemented in a competitively neutral manner,
20 devoid of artificial incentives and/or regulatory rules that advantage or
21 disadvantage a particular provider or group of providers. Competition, properly
22 implemented, will provide business and residence customers with real choices

1 from numerous telecommunications providers. Properly implemented,
2 competition will allow efficient competitors to attract customers and be successful
3 in a competitive marketplace where regulatory oversight is minimized. We
4 believe that this is the environment that Congress, through the Act, intended to
5 create. It is this view of competition that BellSouth has used as the basis of
6 negotiations with prospective providers of local exchange service, and it is this
7 view that BellSouth believes Congress embraced with its emphasis on negotiated
8 agreements.

9
10 Q. IN ITS PETITION, ON PAGES 12 AND 28, SPRINT REFERS TO
11 BELL SOUTH THWARTING THE DEVELOPMENT OF COMPETITION AND
12 HAVING "A NATURAL INCENTIVE TO DENY OPERATIONAL PARITY
13 TO SPRINT SO THAT RETAIL CUSTOMERS WILL HAVE NO INCENTIVE
14 TO MIGRATE TO SPRINT." IS THIS AN APPROPRIATE DESCRIPTION OF
15 BELL SOUTH'S BEHAVIOR WITH REGARD TO LOCAL COMPETITION?

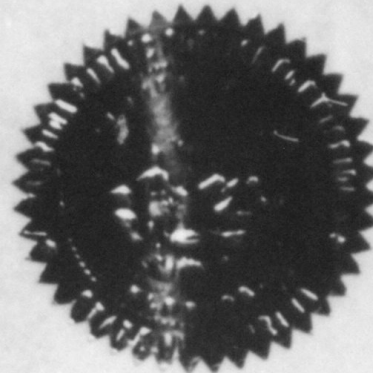
16
17 A. Absolutely not. BellSouth has strong financial incentives to comply with all
18 provisions of the Act. Congress has mandated that local exchange companies
19 must open their markets to competition, unless specifically exempted. BellSouth
20 has already and is continuing to comply with the directives of the Act by entering
21 into numerous interconnection agreements with other providers. Significantly,
22 Congress tied the ability of BellSouth and the other Regional Bell Operating

BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of

DOCKET NO. 961150-TP

Petition by Sprint
Communications Company Limited
Partnership, d/b/a Sprint for
arbitration with BellSouth
Telecommunications, Inc.
concerning interconnection
rates, terms, and conditions
pursuant to the Federal
Telecommunications Act of 1996.



VOLUME 2
Pages 173 through 344

PROCEEDINGS:

HEARING

BEFORE:

COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE A. GARCIA

DATE:

Tuesday, December 3, 1996

TIME:

Commenced at 9:35 a.m.
Concluded at 10:00 a.m.

PLACE:

Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida

REPORTED BY:

H. RUTHE POTAMI, CSR, RPR
Official Commission Reporter

APPEARANCES:

(As heretofore mentioned.)

FLORIDA PUBLIC SERVICE COMMISSION

DOCUMENT NUMBER - DATE

12978 DEC-59

FPSC-RECORDS/REPORTING

I N D E X

WITNESSES - VOLUME 2

NAME

PAGE NO.

ALPHONSO J. VARNER (Adopted by Witness Scheye)

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 175

Prefiled Rebuttal Testimony Inserted
Into the Record by Stipulation 220

GLORIA CALHOUN

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 239

Prefiled Rebuttal Testimony Inserted 308

WILLIAM V. ATHERON, JR.

Prefiled Direct Testimony Inserted
Into the Record by Stipulation 330

MISCELLANEOUS- VOLUME 2

ITEM

PAGE NO.

Posthearing change in Varner's
Rebuttal Prefiled Testimony 219

Posthearing change in Gloria
Calhoun's Rebuttal Testimony 307

CERTIFICATE OF REPORTER

344

BELLSOUTH TELECOMMUNICATIONS, INC.
TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 961150-TP
OCTOBER 15, 1996

1
2
3
4
5
6
7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH
8 BELLSOUTH TELECOMMUNICATIONS, INC. (HEREINAFTER REFERRED
9 TO AS "BELLSOUTH" OR "THE COMPANY").
10

11 A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior Director
12 for Regulatory Policy and Planning for the nine state BellSouth region. My
13 business address is 675 West Peachtree Street, Atlanta, Georgia, 30375.
14

15 Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR BACKGROUND AND
16 EXPERIENCE.
17

18 A. I graduated from Florida State University in 1972 with a Bachelor of Engineering
19 Science degree in systems design engineering. I immediately joined Southern Bell
20 in the division of revenues organization with the responsibility for preparation of all
21 Florida investment separations studies for division of revenues and for reviewing
22 interstate settlements.

1
2 Subsequently, I accepted an assignment in the rates and tariffs organization with
3 responsibilities for administering selected rates and tariffs including preparation of
4 tariff filings. In January 1994, I was appointed Senior Director of Pricing for the
5 nine state region. I assumed my current responsibilities in August 1994.
6

7 Q. HAVE YOU PREVIOUSLY FILED TESTIMONY BEFORE THE FLORIDA
8 PUBLIC SERVICE COMMISSION (HEREINAFTER REFERRED TO AS THE
9 "FPSC" OR THE "COMMISSION")?
10

11 A. Yes. I have filed testimony before this Commission on several occasions; most
12 recently in the AT&T and MCI local interconnection arbitration proceedings,
13 Docket Nos. 960833 and 960846.
14

15 Q. WHAT IS THE PURPOSE OF THE TESTIMONY THAT YOU ARE FILING
16 TODAY?
17

18 A. The purpose of my testimony is to address the Petition for Arbitration of
19 Interconnection filed by Sprint Communications Company. Specifically, my
20 testimony: 1) presents a brief overview of BellSouth's position on competition;
21 2) discusses broadly the requirements of the Telecommunications Act of 1996
22 (hereinafter referred to as the "Act"); 3) provides an overview of the Federal

1 Communications Commission's (hereinafter referred to as the "FCC") First
2 Report and Order in Docket No. 96-98 (hereinafter referred to as the "FCC's
3 Order") with regard to the issues raised by Sprint that are included in the matrix
4 attached as Exhibit 3 to Sprint's filing; and 4) introduces the Company's
5 witnesses who will address the specific issues in more detail.

6
7 Q. HOW IS YOUR TESTIMONY ORGANIZED?

8
9 A. My testimony is divided into three parts: I) General Discussion; II) Issues Raised
10 by Sprint; and III) Introduction of BellSouth Witnesses and Summary. In Part II,
11 I have tried to follow the general structure of Sprint's Matrix of Issues.

12
13 **I. GENERAL DISCUSSION**

14
15 Q. DOES BELL SOUTH SUPPORT COMPETITION IN THE LOCAL
16 TELECOMMUNICATIONS MARKET?

17
18 A. Yes. BellSouth believes that competition for local exchange telecommunications
19 services is in the public interest if implemented in a competitively neutral manner,
20 devoid of artificial incentives and/or regulatory rules that advantage or
21 disadvantage a particular provider or group of providers. Competition, properly
22 implemented, will provide business and residence customers with real choices

1 from numerous telecommunications providers. Properly implemented,
2 competition will allow efficient competitors to attract customers and be successful
3 in a competitive marketplace where regulatory oversight is minimized. We
4 believe that this is the environment that Congress, through the Act, intended to
5 create. It is this view of competition that BellSouth has used as the basis of
6 negotiations with prospective providers of local exchange service, and it is this
7 view that BellSouth believes Congress embraced with its emphasis on negotiated
8 agreements.

9
10 Q. IN ITS PETITION, ON PAGES 12 AND 28, SPRINT REFERS TO
11 BELL SOUTH THWARTING THE DEVELOPMENT OF COMPETITION AND
12 HAVING "A NATURAL INCENTIVE TO DENY OPERATIONAL PARITY
13 TO SPRINT SO THAT RETAIL CUSTOMERS WILL HAVE NO INCENTIVE
14 TO MIGRATE TO SPRINT." IS THIS AN APPROPRIATE DESCRIPTION OF
15 BELL SOUTH'S BEHAVIOR WITH REGARD TO LOCAL COMPETITION?

16
17 A. Absolutely not. BellSouth has strong financial incentives to comply with all
18 provisions of the Act. Congress has mandated that local exchange companies
19 must open their markets to competition, unless specifically exempted. BellSouth
20 has already and is continuing to comply with the directives of the Act by entering
21 into numerous interconnection agreements with other providers. Significantly,
22 Congress tied the ability of BellSouth and the other Regional Bell Operating

Companies ("RBOCs") to enter the interLATA services market to its compliance with the "competitive checklist" contained in the Act. BellSouth has every intention of meeting the checklist as quickly as possible in order to provide a full array of telecommunications services to its customers.

BellSouth is not trying to block competition. The bottom line is, BellSouth is just arguing for reasonable and nondiscriminatory terms for competition now.

Q. DOES SPRINT HAVE ANY INCENTIVES TO PORTRAY BELL SOUTH INACCURATELY WITH REGARD TO ENTRANCE INTO THE LOCAL COMPETITION MARKET?

A. Absolutely. It is clear that Sprint has tremendous incentive to take whatever measures it deems necessary, not only for it to enter the local exchange market, but to prevent BellSouth, and indeed any other RBOC, from meeting the requirements of Section 271 of the Act and thereby obtaining authority to enter the interLATA services market. It appears that keeping BellSouth out of the interLATA services market may be important to Sprint.

While defending its inability to reach an agreement with BellSouth, Sprint criticizes the content and minimizes the value of interconnection agreements the Company has reached with other alternative local exchange carriers ("ALECs").

Based on their agreements, however, these companies are installing trunks, switches and facilities, in preparation for facilities-based competition. Companies are reselling BellSouth's services at reasonable resale rates and under conditions contemplated by the Act.

Q. WHAT IS BELL SOUTH'S GENERAL ASSESSMENT OF THE FCC'S ORDER?

A. As BellSouth has previously stated, the FCC's Order appears to be regulatory micromanagement of the telecommunications industry which is inconsistent with the Act. Congress clearly intended less regulation and rapid opening of markets. BellSouth has attempted to help reach this goal by negotiating interconnection agreements with many of its potential competitors and opening its network to competition. The FCC's approach may be the biggest barrier to the development of facilities based competition that results from the implementation of the Act and surely was not the intended result of Congress.

Q. HOW DOES THE FCC'S APPROACH PRESENT A BARRIER TO THE DEVELOPMENT OF FACILITIES BASED COMPETITION?

A. The best example lies in the pricing of unbundled network components which BellSouth must provide to competitors. If the FCC's methodology of pricing

1 these elements on the basis of forward-looking, incremental costs (plus a portion
2 of forward looking joint and common costs) stands, by definition, no other carrier
3 will be able to provide its own network any cheaper than it can obtain access to
4 the existing one. In fact, in light of BellSouth's economies of scale which no
5 other carrier may want to, or be able to, duplicate, it may be that no other carrier
6 can provide its own facilities as cheaply as they could buy them from BellSouth.
7 Despite claims that network control issues may motivate carriers to build-out their
8 own network, simple economics - the real basis for investment decisions - says
9 otherwise.
10

11 Q. IS THERE A GENERAL EXPLANATION FOR WHY BELL SOUTH'S
12 POSITIONS, IN SOME CASES, ARE INCONSISTENT WITH THE FCC'S
13 ORDER AND RULES?
14

15 A. Yes. BellSouth developed positions on the major issues being addressed in
16 negotiations close to the time that the Act was approved. BellSouth's positions
17 are based on, and in compliance with, the Act. Where these positions are contrary
18 to the FCC's Order, it is generally because the FCC's Order does not comport
19 with the Act. I discuss this when addressing the specific issues.
20

1 Q. WHAT IS BELL SOUTH ASKING THIS COMMISSION TO DO IN THE
2 CASES WHERE THE COMPANY'S POSITION IS CONSISTENT WITH THE
3 ACT BUT CONTRARY TO THE FCC'S ORDER?
4

5 A. One of the most important responsibilities of this Commission is to determine the
6 extent the FCC's Order comports with the Act. BellSouth is not suggesting that
7 the FCC's Order be ignored, although it has been temporarily stayed. Because it
8 is clear, however, that there are major conflicts between the FCC's Order and
9 Rules and the Act, this Commission must continue to exercise its judgment and
10 authority in carrying out its responsibilities in the implementation of the Act.
11 This Commission must ensure that all relevant issues are included and resolved in
12 this proceeding so that the end result will be an agreement between BellSouth and
13 Sprint that is in compliance with the Act.
14

15 To the extent that the Commission feels compelled to adopt provisions of the
16 FCC's Order that are inconsistent with the Act, a true-up mechanism must be
17 adopted. The need for such a mechanism is straight forward: the rights of both
18 this Commission and BellSouth must be preserved. Any rate, term, or condition
19 implemented as a result of this proceeding that is inconsistent with BellSouth's
20 position and is subsequently found to be inconsistent with the Act through appeals
21 or reconsideration, must be amended as soon as it is determined to be inconsistent.
22 Further and equally important, BellSouth must be entitled to recoup, to the extent
23 possible, whatever financial losses it has incurred due to this decision. While

1 such a recoupment can never fully correct the potential harms that can occur, it is
2 the minimum correction required in such a circumstance.

3
4 **II. ISSUES RAISED BY SPRINT**

5
6 Q. HOW IS THIS SECTION OF YOUR TESTIMONY ORGANIZED?

7
8 A. This section of testimony generally follows the order established by the Sprint
9 Matrix. It contains sections discussing: 1) Most Favored Nation; 2)
10 Interconnection; 3) Business Process; 4) Quality of Service; 5) Unbundled
11 Network Elements; 6) Access to Poles, Ducts, Conduit and Rights-of-Way; 7)
12 Resale; and 8) Dialing Parity.

13
14 **MOST FAVORED NATION**

15
16 Q. ON PAGES 18-20 OF ITS PETITION, SPRINT DISCUSSES THE "MOST
17 FAVORED NATION" (MFN) CONCEPT. DOES BELL SOUTH AGREE WITH
18 SPRINT'S INTERPRETATION OF THIS CONCEPT UNDER THE
19 PROVISIONS OF EITHER THE ACT OR THE FCC'S ORDER?

20
21 A. No. BellSouth does not agree with Sprint's interpretation of this concept, and
22 importantly, BellSouth does not believe that this issue is subject to arbitration
23 under the guidelines set forth in Section 252(b) of the Act.

1
2 Even the most liberal reading of the Act or the FCC's Order cannot expand the
3 definition of nondiscrimination to include the MFN concept advanced by Sprint.
4 Sprint is claiming that under the guise of nondiscrimination it should be allowed
5 to select a service it wants to resell and possibly pick a rate for that service from
6 an agreement that BellSouth may have with one ALEC, a term associated with
7 that service from another agreement that BellSouth may have with another ALEC,
8 and then quite possibly choose a condition from still another agreement. Sprint
9 should only be allowed to select all of the provisions of an entire category of an
10 agreement. Sprint should not be allowed to pick and choose individual rates,
11 terms or conditions. BellSouth does not agree that the nondiscrimination
12 provisions of the Act or the FCC's Order can be stretched to accommodate this
13 "cafeteria plan" envisioned by Sprint.
14

15 Q. WHAT IS THE BASIS FOR BELL SOUTH'S POSITION?
16

17 A. Paragraph 51.809(a) of the FCC's Rules states: "An incumbent LEC shall make
18 available without unreasonable delay to any requesting telecommunications
19 carrier any individual interconnection, service, or network element arrangement
20 contained in any agreement to which it is a party that is approved by a state
21 commission pursuant to Section 252 of the Act, upon the same rates, terms, and
22 conditions as those provided in the agreement. An incumbent LEC may not limit
23 the availability of any individual interconnection, service or network element only
24 to those requesting carriers serving a comparable class of subscribers or providing
25 the same service (i.e., local, access, or interexchange) as the original party to the

1 agreement."

185

2
3 In accordance with Section 252 (i), "A local exchange carrier shall make available
4 any interconnection, service, or network element provided under an agreement
5 approved under this section to which it is a party to any other requesting
6 telecommunications carrier upon the same terms and conditions as those provided
7 in the agreement."
8

9 BellSouth understands this language to mean that once it has reached an
10 agreement with a party regarding a specific interconnection, service or network
11 element arrangement, the same interconnection, service, or network element
12 arrangement must be made available to any other requesting carrier at the same
13 rates, terms, and conditions as those provided in the agreement. The above
14 language does not allow a requesting carrier to pick and choose individual rates,
15 terms, and conditions for a given service or from a given agreement. It is
16 BellSouth's position that the interconnection, service, or network element
17 arrangements, in whole, with their associated rates, terms, and conditions as set
18 forth in a given agreement are not severable.
19

20 **INTERCONNECTION**

21
22 Q. IS BELL SOUTH'S GENERAL POSITION ON PHYSICAL
23 INTERCONNECTION CONSISTENT WITH THE ACT AND THE FCC'S
24 ORDER?

1
2 A. Yes. Physical interconnection is covered in Section 51.305 of the FCC's Rules.
3 BellSouth's position as put forth in the testimonies of Mr. Vic Atherton and Mr.
4 Robert C. Scheye are consistent with the requirements of the Order.
5

6 Q. WHAT IS BELL SOUTH'S POSITION ON WHAT IS REQUIRED BY THE
7 FCC ORDER WITH REGARD TO TWO-WAY TRUNKING?
8

9 A. BellSouth submits that each interconnecting party should have the right to
10 determine the most efficient trunking arrangements for its network. Parties
11 should be free to work together and establish two-way arrangements if both
12 parties agree; however, such arrangements should not be mandated. Mr. Atherton
13 addresses this issue in detail in his testimony.
14

15 Paragraph 51.305 (f) of the FCC Rules provides that, if technically feasible,
16 BellSouth must provide two-way trunking upon request. This does not, however,
17 require a company to relinquish control over its own network and network
18 planning. Paragraph 203 of the FCC Order states, "[e]ach carrier must be able to
19 retain responsibility for the management, control, and performance of its own
20 network." This paragraph supports BellSouth's position that parties should have
21 the right to determine the most efficient trunking arrangements for its network.
22 Not to do so would be to relinquish management, control and/or performance of

1 the network.

2
3 Q. IS BELL SOUTH'S POSITION ON RECIPROCAL COMPENSATION
4 ARRANGEMENTS FOR THE TRANSPORT AND TERMINATION OF
5 LOCAL TRAFFIC CONSISTENT WITH THE ACT AND THE FCC'S
6 ORDER?

7
8 A. Yes and no. BellSouth submits that its position is consistent with the Act and
9 contrary to the FCC's Order.

10
11 Paragraph 51.705 of the Rules says that rates for transport and termination of local
12 telecommunications traffic are to be established, at the election of the state
13 commission, on the basis of: 1) the forward-looking economic costs of such
14 offerings, using a cost study pursuant to the Rules; 2) default proxies as provided
15 in the Rules; or 3) a bill-and-keep arrangement. Paragraph 51.503 provides the
16 general pricing standard for interconnection. It states that rates are to be
17 established, at the election of the state commission, pursuant to the forward
18 looking economic cost-based methodology set forth in the Rules, or consistent
19 with the proxy ceilings and ranges set forth in the Rules.

20
21 The rules for the forward-looking economic cost-based studies referred to in these
22 sections are the same as those provided for unbundled network elements.

1 Paragraph 51.713 of the Rules also gives the state commission the option to
2 impose a bill-and-keep arrangement for reciprocal compensation if the
3 commission determines that the amount of local telecommunications traffic from:
4 one network to the other is roughly balanced with the traffic flowing in the
5 opposite direction, and is expected to remain so, and there has been no showing
6 that rates should be asymmetrical.

7
8 The Rules go on to say if the state commission determines that the cost
9 information available to it with respect to interconnection and transport and
10 termination does not support adoption of rates that are consistent with the cost
11 study procedures set forth in the Rules, it may establish rates for interconnection
12 consistent with proxies specified in Paragraph 51.513 of the Rules or rates for
13 transport and termination consistent with proxies specified in Paragraph 51.707 of
14 the Rules. Any rate established in this manner is superseded once the state
15 commission establishes rates based on an appropriate study or on a bill-and-keep
16 arrangement for transport and termination.

17
18 BellSouth submits that the rate for the transport and termination of traffic should
19 be set with recognition of the intrastate switched access rate. BellSouth has
20 proposed interconnection rates based on these charges, exclusive of the residual
21 interconnection charge (RIC) and carrier common line (CCL) charge, which
22 BellSouth urges this Commission to adopt. BellSouth believes that the Act does

1 not authorize a commission to mandate that a party accept bill-and-keep as the
2 method of interconnection, eliminating the right to recover its costs. 89

3
4 BellSouth has not submitted cost studies to support its proposed rates, pursuant to
5 the guidelines set forth in the Rules. No such cost studies are currently available.
6 The rates proposed by BellSouth are different than the default proxies provided in
7 Paragraphs 51.513 and 51.707 of the Rules. As stated above, before using these,
8 or any proxies, the FPSC should determine whether or not these proxies are
9 consistent with the Act.

10
11 In addition, the Rules give the Commission the option of ordering a bill-and-keep
12 arrangement with regard to transport and termination. As BellSouth demonstrates
13 in the testimony of Mr. Scheye, bill-and-keep is not an appropriate cost recovery
14 arrangement. BellSouth does not believe that the Act permits bill-and-keep to be
15 mandated. Certainly if mandating bill-and-keep is not authorized by the Act, it is
16 not appropriate for the FCC's Order to allow state commissions to mandate such
17 arrangements.

18
19 **BUSINESS PROCESS**

20
21 Q. SPRINT'S WITNESS, MR. KEY, DISCUSSES THE PROVISION OF MEET
22 POINT BILLING ARRANGEMENTS ON THE SAME TERMS AND

1 CONDITIONS AS MADE AVAILABLE TO OTHER INDEPENDENT LECs
2 ENGAGED IN MEET POINT BILLING ARRANGEMENTS WITH
3 BELLSOUTH. WHAT IS BELLSOUTH'S POSITION?

4
5 A. It is my understanding that Sprint is requesting terms from agreements that
6 predate the Act. BellSouth does not believe that it is obligated to provide Sprint,
7 or any other ALEC, meet point billing arrangements on the same terms and
8 conditions as are made available to other independent LECs. BellSouth submits
9 that the Act does not require that the terms of all previous interconnection
10 agreements be made available to new entrants. The Act deals specifically with
11 agreements resulting from a request for interconnection pursuant to Section 251.

12
13 Adoption of Sprint's proposal would mandate the filing of pre-existing
14 agreements between non-competing incumbent LECs which are agreements
15 governing the exchange of traffic between their mutually exclusive service areas.
16 BellSouth strongly disagrees that the Act requires these agreements to be
17 submitted and further submits that these agreements are not relevant to these
18 proceedings.

19
20 Q. HAS THIS COMMISSION TAKEN ANY ACTION ON THE ISSUE OF
21 AGREEMENTS ENTERED INTO BETWEEN TWO NON-COMPETING
22 LECs?

1
2 A. Yes. The Commission has supported BellSouth's position on this issue. In
3 Docket No. 960290-TP, Order No. PSC-96-0959-FOF-TP, issued on July 24,
4 1996, the FPSC stated on page 3-4, "We believe that a better interpretation of the
5 plain meaning of Section 252(a)(1)...is that the agreements to be filed are those
6 negotiated for purposes of interconnection in a competitive market." The
7 Commission also says on page 5, "It does not make sense to require those types of
8 agreements (EAS) to be filed for approval under Section 252 because they were
9 entered into under a different regulatory regime based on rate-of-return regulation
10 that existed at the time such agreements were made. Nor does it make sense to
11 allow a company entering the competitive market to choose specific provisions
12 from agreements entered into during rate-of-return regulation." After several
13 paragraphs of discussion on this issue, the Commission concludes on page 5,
14 "Accordingly, we find that Section 252(a)(1) of the Telecommunications Act of
15 1996 requires the filing of interconnection agreements between competitive
16 carriers in the same geographic markets entered into before or after the enactment
17 of the Act."

18
19 Q. SPRINT REFERS TO PARAGRAPH 516 OF THE FCC'S ORDER AND
20 SECTION 251(c)(2)(C) OF THE ACT AS JUSTIFICATION FOR SEVERAL
21 OF THE POSITIONS IT HAS TAKEN IN SECTION III. OF ITS MATRIX.
22 WHAT IS BELL SOUTH'S POSITION WITH REGARD TO THESE TWO

1
2
3 A. Paragraph 516 of the FCC's Order addresses the provision of operational
4 interfaces as an unbundled network element. Section 251(c)(2)(C) of the Act,
5 however, concerns the provision of interconnection that is at least equal in quality
6 to that provided by the LEC to itself or to any subsidiary. Although I am not clear
7 on the relationship that Sprint can draw between these two references, I will
8 briefly discuss BellSouth's position on the general issue of operational interfaces.
9

10 BellSouth has made available or has under active development electronic
11 interfaces for ordering and provisioning, pre-ordering, trouble reporting and
12 billing data. For ordering and trouble reporting with regard to unbundled
13 elements, BellSouth is providing functionality similar to the processes that have
14 worked effectively in the exchange access world. BellSouth has established
15 interfaces to allow ALECs to obtain pre-ordering information electronically.
16 BellSouth has also provided electronic customer usage data transfer and is
17 modifying its original design to accommodate ALEC requests in this area. Ms.
18 Calhoun discusses in her testimony most of the specific issues raised by Sprint in
19 this general area.
20

21 BellSouth submits that its existing electronic interfaces to support ALECs, as well
22 as those under development, are in overall compliance with the Act, with the

1 precepts described in the FCC Order, and in compliance with national standards,
2 where they exist.

3
4 Paragraph 51.313 (c) of the Rules states that as a just, reasonable and
5 nondiscriminatory term and condition for the provision of unbundled network
6 elements, "[a]n incumbent LEC must provide a carrier purchasing access to
7 unbundled network elements with the pre-ordering, ordering, provisioning,
8 maintenance and repair, and billing functions of the incumbent LEC's operations
9 support systems." Paragraphs 517 and 518 of the Order discuss that
10 nondiscriminatory access to operations support systems functions could be viewed
11 as a "term and condition" of unbundling other network elements under section
12 251(c)(3), or resale under section 251(c)(4) of the Act. Paragraph 51.603 provides
13 that "[a] LEC shall make its telecommunications services available for resale to
14 requesting telecommunications carriers on terms and conditions that are
15 reasonable and non-discriminatory."

16
17 The FCC concludes in its Order that providing nondiscriminatory access to
18 operations support systems functions is technically feasible and that all incumbent
19 LECs that currently do not comply with this requirement must do so as
20 expeditiously as possible, but in any event no later than January 1, 1997. As
21 discussed in Ms. Calhoun's testimony, BellSouth believes this is an unrealistic
22 date to require completion of this project.

1
2 **QUALITY OF SERVICE**

3
4 Q. SPRINT USES THE TERM "PARITY" AS A BASIS FOR MANY OF ITS
5 REQUESTS. IS PARITY A VALID ISSUE FOR THIS PROCEEDING?

6
7 A. Yes. BellSouth agrees that parity is certainly an issue in opening the local
8 telecommunications market to competition. While the Company agrees
9 conceptually that "service parity", although not addressed in specific terms by the
10 Act, must be achieved to some degree, the Company interprets the requirements
11 for parity differently than Sprint. Whereas parity is an appropriate consideration
12 on several issues, in many instances what Sprint is requesting under the parity
13 umbrella goes well beyond any requirements of the Act or, even of the FCC's
14 Order. Parity does not mean that Sprint's, or any other ALEC's, access to
15 BellSouth's network or its facilities or its systems or any piece of its business,
16 must be identical to BellSouth's in all respects.

17
18 The FCC Order discusses parity in the resale environment as making service
19 available at least equal in quality to that provided by the incumbent LEC to itself.

20 Additionally, incumbent LEC services are to be provisioned with the same
21 timeliness as they are provisioned to any other parties to whom the carrier
22 provides the service, such as subsidiaries and end users. The Order requires

1 interconnection, at any technically feasible point, that is at least equal in quality.

2 at rates, terms, and conditions that are just, reasonable and nondiscriminatory.

3 For access to unbundled network elements, the Act requires nondiscriminatory
4 access at any technically point at just, reasonable and nondiscriminatory terms.

5
6 The FCC Order requires nondiscriminatory access, equal in quality, and just,
7 reasonable, and nondiscriminatory rates; that is what BellSouth has offered and
8 has agreed to provide.

9
10 Q. MUST BELL SOUTH IMPLEMENT PROCESSES AND STANDARDS THAT
11 WILL ENSURE THAT SPRINT RECEIVES SERVICES FOR RESALE,
12 INTERCONNECTION, AND UNBUNDLED NETWORK ELEMENTS THAT
13 ARE AT LEAST EQUAL IN QUALITY TO THOSE THAT BELL SOUTH
14 PROVIDES ITSELF AND ITS AFFILIATES?

15
16 A. BellSouth will provide the same quality for services provided to Sprint and other
17 ALECs that it provides to its own customers for comparable services. The current
18 Commission rules for service quality and monitoring procedures should be used to
19 address any concerns. It is premature to specify additional standards until
20 adequate experience is available. At such time, however, it is appropriate to
21 jointly develop such quality measurements.

22

1 Paragraph 311 of the Order discusses reporting requirements. The FCC believes
2 that the record is insufficient at this time to adopt requirements. They do,
3 however, encourage the states to adopt reporting requirements.

4
5 BellSouth submits to this Commission, that until such time as adequate
6 experience is developed on this subject of quality measurements, the Company's
7 position is consistent with the Order and should be adopted.

8
9 **UNBUNDLED NETWORK ELEMENTS**

10
11 Q. WHAT IS BELLSOUTH'S GENERAL POSITION ON THE PROVISION OF
12 UNBUNDLED NETWORK ELEMENTS?

13
14 A. Subpart D of the FCC's Rules includes a discussion of the unbundling of network
15 elements. It specifies that where technically feasible, access to unbundled
16 network elements must be provided at just, reasonable and nondiscriminatory
17 terms. (Emphasis added.) Paragraph 51.319 provides a list of specific network
18 elements that are to be offered on an unbundled basis. Those items are: 1) local
19 loop; 2) network interface device; 3) switching capability; 4) interoffice
20 transmission facilities; 5) signaling networks (access to service control points
21 through the unbundled STP) and call-related databases; 6) operation support
22 systems functions; and 7) operator services and directory assistance.

1
2 BellSouth's assessment of the Act, the Order, and Sprint's request concludes that,
3 where technically feasible, elements in these seven categories must, and will be
4 provided on an unbundled basis. The testimony of Mr. Keith Milner and Mr.
5 Robert Scheye address the specific issues raised by Sprint in more detail.

6
7 Q. SHOULD ALECs BE ALLOWED TO COMBINE UNBUNDLED NETWORK
8 ELEMENTS IN ANY MANNER THEY CHOOSE, INCLUDING
9 RECREATING EXISTING BELL SOUTH'S SERVICES?

10
11 No. ALECs should be able to combine BellSouth provided elements with their
12 own capabilities to create a unique service. BellSouth does not believe, however,
13 that the Act allows the use of only BellSouth's unbundled elements to create the
14 same functionality as a BellSouth existing service, i.e., it is not appropriate to
15 combine BellSouth's loop and port to create basic local exchange service.

16
17 Paragraph 51.315 of the Rules states that an incumbent LEC shall provide
18 network elements in a manner that allows requesting telecommunications carriers
19 to combine such network elements in order to provide a telecommunications
20 service. An incumbent LEC that denies a request to combine elements must
21 prove to the state commission that the requested combination is not technically
22 feasible or that the requested combination would impair the ability of other

1 carriers to obtain access to unbundled network elements or to interconnect with
2 the incumbent LEC's network.

3
4 Q. CAN YOU PLEASE EXPLAIN BELL SOUTH'S POSITION ON THIS ISSUE
5 IN MORE DETAIL?

6
7 A. Yes. To illustrate the point that BellSouth is trying to make on this issue I have a
8 hypothetical example that I have included as Exhibit AJV-1. In this example,
9 assume there is a business customer in Rate Group 12, with two business lines
10 with hunting and a single vertical feature on each of his lines. My example also
11 assumes average usage on the lines to fully illustrate the example. Based on these
12 assumptions, this business customer pays BellSouth \$69.52 each month for his
13 first line.

14
15 Now consider that this business customer decides to purchase local service from
16 Sprint. Under resale, Sprint calls BellSouth and says "Mr. Businessman is now
17 my customer, and I want to resell your business line to him." For the sake of
18 ease, assume BellSouth's Act compliant resale discount is used. In that case, the
19 reseller would pay BellSouth \$63.36 per month for the line and the Company
20 would continue to receive access charges from that customer.
21

1 Now consider that Sprint, in the same instance, calls BellSouth and says, "Mr.
2 Businessman is now my customer. I want an unbundled loop to his premise and I
3 want to rebundle that with your switching." Using the FCC proxy rates, the
4 revenues paid to BellSouth would drop to \$22.75 for this line and the joint
5 marketing restriction on resold services would be avoided.

6
7 What is the point here? If Sprint takes the customer away because it has better
8 plans, prices, services, etc., then that is competition and the customer is lost and
9 there is nothing to do but try to win the customer back. On the other hand, if
10 Sprint, or any other ALEC, simply use the artifice of unbundling/rebundling the
11 customer's service, a different result occurs. The ALEC has not won the
12 customer through some competitive process that allows it to offer a better price.
13 The process that Congress has created, through the Act, has simply been "gamed".
14 The ALEC has not added value, built a network, or done anything other than use a
15 loophole created by the FCC to accrue profits to themselves rather than the
16 incumbent local exchange carrier. Indeed, this loss that BellSouth suffers is not a
17 competitive loss at all, but can more accurately be called a regulatory loss, or a
18 government-imposed loss. That is not what competition is about.

19
20 Q. DOES YOUR EXHIBIT ALSO ILLUSTRATE THE EFFECT OF
21 REBUNDLING?
22

1 A. Yes. Page 2 of Exhibit AJV-1 illustrates the effect of rebundling. It shows the
2 average rate for business lines and trunks, and resident lines, including vertical
3 services, toll and access. First, it shows the price for the combination of these
4 services for an average customer if the services are resold. For example, the retail
5 price of an average business line would be \$61.16; if the service was resold, it
6 would be \$55.99. If this same package of services was repriced, assuming it was
7 sold as unbundled elements and subsequently rebundled, the difference between
8 the revenues for the rebundled elements and the resold services is the contribution
9 loss due to regulatory rules. Those losses based on FCC proxy rates are as
10 follows:

11 **PER LINE LOSS**

12 Business lines:	\$33.24
13 Trunks:	\$34.49
14 Residence service:	\$ 7.68

15
16 When these per line losses are multiplied by the number of respective lines, it
17 produces the contribution loss at various levels of market share erosion.

18 Essentially, for each ten percent of market share that an ALEC gains in this
19 manner, BellSouth loses \$90M in contribution due to these arbitrary regulatory
20 artifices. This is the loss that is over and above the reduction experienced from
21 providing services at the resale discount.

1 Q. WHAT DO THE ACT AND THE FCC ORDER REQUIRE WITH RESPECT
2 TO THE PRICING OF UNBUNDLED NETWORK ELEMENTS?
3

4 A. The price of unbundled network elements according to the Act must be based on
5 cost and may include a reasonable profit. Tariffed prices for existing, unbundled
6 tariffed services meet this requirement and, when they exist, are the appropriate
7 prices for these unbundled elements. The price for a new unbundled service
8 should be set to recover its costs, provide contribution to shared and common
9 costs and provide a reasonable profit.

10
11 The general pricing standards for elements is discussed in Paragraph 51.503 of the
12 Rules. Elements must be offered at rates, terms, and conditions that are just,
13 reasonable, and nondiscriminatory. The rates for each element an incumbent LEC
14 offers shall comply with the rate structure set forth in the FCC's Rules. One
15 significant requirement of the general rate structure standard included in
16 Paragraph 51.507 is that, "[s]tate commissions shall establish different rates for
17 elements in at least three defined geographic areas within the state to reflect
18 geographic cost differences." Rates shall be established pursuant to the forward-
19 looking economic cost pricing methodology set forth in the Rules, or consistent
20 with the proxy ceilings and ranges in the Rules.
21

1 The Rules provide that until such time as cost studies are submitted and approved,
2 the Commission may set rates based on default proxies that are provided in
3 Paragraph 51.513. The rates proposed by BellSouth are different than the default
4 proxies provided in the Paragraphs 51.513 and 51.707 of the Rules. BellSouth is
5 not ignoring the requirements set forth in the FCC Order, nor is it suggesting that
6 the FPSC do so. Before using proxies, however, this Commission should
7 determine whether or not these proxies are consistent with the Act.

8
9 It should be noted, however, that even when these studies are all complete, they
10 will not be totally responsive to the FCC's Order. The parties involved must then
11 determine appropriate geographic zones for the deaveraging of rates. Although
12 BellSouth agrees that deaveraging is required by the FCC Order, this
13 determination must be made carefully, taking into full consideration the impact on
14 local rates and this Commission's pricing policy and, more specifically, the effect
15 on consumers, and specifically rural consumers.

16
17 The price of unbundled network elements, according to the Act, must be based on
18 cost and may include a reasonable profit. Existing tariffed prices for existing,
19 unbundled tariffed services are based on Total Service Long Run Incremental
20 Cost ("TSLRIC") and have been approved by this Commission. These existing
21 tariffed rates meet the requirement of the Act and are, therefore, the appropriate
22 approximate prices for the unbundled elements until such time as Total Element

1 Long Run Incremental Cost ("TELRIC") studies are complete. As stated, under
2 the Act, the price for a new unbundled service should be set to recover its costs,
3 provide contribution to shared and common costs and provide a reasonable profit.
4 The existing tariffed rates do this for existing elements; the FCC proxy rates do
5 not.

6
7 BellSouth's current prices and its TELRIC studies are based upon the same
8 TSLRIC studies. Assume, logically, that the inclusion of joint and common costs
9 recommended by the FCC for a forward-looking economic cost study would
10 increase rather than decrease the level of costs included in a TSLRIC study.
11 BellSouth's proposed rates, based upon these same LRIC/TSLRIC studies, would,
12 therefore, provide a much more reasonable approximation of costs than do the
13 FCC's proxy rates. Again, the pricing standards of the Act require that the price
14 for an unbundled network element shall be based on costs and may include a
15 reasonable profit. The pricing standard included in the FCC Order is TELRIC
16 and a reasonable allocation of forward-looking common costs. It appears logical,
17 and clear to BellSouth, that using either the pricing standard included in the Act or
18 the Order would provide a price higher than the FCC's default proxies. Using the
19 FCC's proxy rates would, therefore, not recover costs, be unjust, unreasonable
20 and certainly not compensatory. In addition, if the FCC proxy rates are lower
21 than BellSouth's LRIC, the proxy rates would not cover direct costs as required
22 by Florida Statute 364.051(6)(c). The statute requires that services offered to

1 consumers cover their direct costs. To the extent that such rates must cover costs
2 for services offered to consumers, the same standard should be applied to
3 unbundled network elements which will eventually be sold to consumers.
4

5 Attached to the testimony of BellSouth's witness, Ms. Daonne Caldwell, are the
6 TELRIC studies that the Company has completed. BellSouth requests that the
7 FPSC approve these studies and the Company's proposed rates based on those
8 studies. Where studies are not yet available, BellSouth requests that the
9 Commission adopt BellSouth's proposed rates. Mr. Scheye and Ms. Caldwell
10 also discuss this issue in their testimony.
11

12 **ACCESS TO POLES, DUCTS, CONDUITS, AND RIGHT-OF-WAY**
13

14 Q. WHAT IS BELL SOUTH'S POSITION WITH REGARD TO RIGHTS-OF-
15 WAY?
16

17 A. It is reasonable for BellSouth to reserve in advance five years of capacity in a
18 given facility. BellSouth will provide structure occupancy information regarding
19 conduits, poles, and other rights-of-way requested and will allow designated
20 personnel or agents to examine engineering records or drawings pertaining to such
21 requests. Mr. Milner discusses this in more detail in his testimony.
22

1 The FCC's Order addresses reserving capacity in Paragraph 1170. It states that
2 Section 224(f)(1) of the Act requires nondiscriminatory treatment of all providers
3 of telecommunications or video services and does not contain an exception for the
4 benefit of such a provider on account of its ownership or control of the facility or
5 right-of-way. Paragraph 1170 goes on to say that permitting an incumbent LEC
6 to, for example, reserve space for local exchange service, to the detriment of a
7 would-be entrant into the local exchange business, would favor the future needs of
8 the incumbent over the current needs of the new entrant. Section 224(f)(1)
9 prohibits such discrimination among telecommunications carriers. If the FCC
10 Order stands as issued, BellSouth will need to change its position on reserve
11 capacity.

12 **RESALE**

13
14
15 Q. TO WHAT EXTENT IS BELL SOUTH'S POSITION ON RESALE
16 CONSISTENT WITH THE FCC'S ORDER AND THE ACT?

17
18 A. In accordance with Section 251(c)(4)(A) of the Act, BellSouth must "offer for
19 resale at wholesale rates any telecommunications service that the carrier provides
20 at retail to subscribers who are not telecommunications carriers..." Certain
21 options or service offerings which are not retail services or have other special
22 characteristics should be excluded from resale. These include contract service

1 arrangements, promotions, grandfathered or obsoleted services, LifeLine
2 assistance programs, N11 service, and E911/911 services.

3
4 Section 51.605 of the Final Rules provides that an incumbent LEC cannot impose
5 restrictions on the resale of telecommunications services offered by the incumbent
6 LEC except as provided in Section 51.613. Section 51.615 refers to the
7 withdrawal of services and states, "[w]hen an incumbent LEC makes a
8 telecommunications service available only to a limited group of customers that
9 have purchased such a service in the past, the incumbent LEC must also make
10 such a service available at wholesale rates to requesting carriers to offer on a
11 resale basis to the same limited group of customers that have purchased such a
12 service in the past." Sub-paragraph (a) of Section 51.613 states that specific
13 restrictions regarding cross-class selling may be permitted by the state
14 commission and that short term promotions are exempt from the wholesale rate.
15 Section 51.613 (b) goes on to state, "[w]ith respect to any restrictions on resale
16 not permitted under paragraph (a), an incumbent LEC may impose a restriction
17 only if it proves to the state commission that the restriction is reasonable and
18 nondiscriminatory."

19
20 BellSouth submits that all of its proposed service restrictions are permissible
21 under paragraph 51.613(b) of the Rules. Based on the discussion presented in Mr.
22 Scheye's testimony in this proceeding, BellSouth believes that the restrictions that

1 it proposes are narrowly tailored, reasonable, nondiscriminatory and, therefore,
2 permitted by the Order. BellSouth's position is, therefore, consistent with the
3 FCC's Order and this Commission is urged to approve our proposal.

4
5 Q. MUST BELL SOUTH BE PROHIBITED FROM IMPOSING RESTRICTIONS
6 ON THE SERVICES IT MAKES AVAILABLE FOR RESALE?

7
8 A. No. Any use or user restrictions or terms and conditions found in the relevant
9 tariff of the service being resold should apply. Use and user restrictions as well as
10 terms and conditions are integral components of the retail service that is being
11 resold. These terms and conditions do not impose unreasonable or discriminatory
12 conditions on the resale of these services and may be reflected in the rates being
13 charged, and hence should be carried through with the discount. Elimination of
14 the terms and conditions may affect the pricing or even the general availability of
15 the service.

16
17 The assessment of the FCC's Order here is the same as it is above. Section
18 51.613(b) allows an incumbent LEC to impose restrictions if it proves to the state
19 commission that they are reasonable and nondiscriminatory. We believe the terms
20 and conditions limitations requested by BellSouth and discussed in more detail in
21 Mr. Scheye's testimony, are reasonable and nondiscriminatory, permitted by the
22 Rules, and should be allowed by this Commission.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Q. WHAT ARE THE APPROPRIATE BELL SOUTH WHOLESALE RATES?

A. The Act requires that rates for resold services shall be based on retail rates minus the costs that will be avoided due to resale. BellSouth proposes a discount to be applied to both residential and business services based on avoided cost studies. BellSouth presents an avoided cost study in the testimony of Mr. Walter Reid that is in compliance with the Federal Act and asks this Commission to adopt that study.

Wholesale pricing is addressed in Paragraphs 51.605 through 51.611 of the FCC's Rules. The Rules allow wholesale rates that are, at the election of the state commission, either consistent with the avoided cost methodology described in the Rules, or are interim wholesale rates, pursuant to the Rules. Paragraph 914 of the Order says that a study may not calculate avoided costs based on non-cost factors or policy arguments nor can it make disallowances for reasons not provided in the Pricing Standards section of the Act.

The Rules also refer to one discount that applies to all retail services. The FCC does not, however, prohibit the development and state approval of other than a single, uniform discount rate for all services.

1 The avoided cost methodology set forth in the Rules is different than the
2 methodology that BellSouth supports and actually turns the pricing principle in
3 the Act on its head. The Act clearly dictates the use of a "top down" approach to
4 develop wholesale rates, and thus, the calculation begins with the retail rate and
5 works down to the wholesale rate by deducting avoided costs. This is the only
6 fair and logical approach, in light of the fact that BellSouth's rates are not
7 necessarily cost-based and reflect social pricing considerations and a different
8 competitive environment.

9
10 The FCC's approach, in essence, begins from the bottom and works up based on
11 costs that a pure wholesaler would incur (though disguised in terms of reducing
12 the retail rate by all costs that a pure wholesaler would not incur). This is clearly
13 inconsistent with the Act.

14
15 Mr. Reid also presents a study in his testimony that calculates avoided costs using
16 the guidelines and including the rebuttable presumptions set forth in the FCC
17 Rules. BellSouth does not propose to set wholesale discounts in accordance with
18 this study. BellSouth submits this study for information purposes only.

19
20 Q MUST BELL SOUTH BRAND SERVICES SOLD OR INFORMATION
21 PROVIDED TO CUSTOMERS ON BEHALF OF SPRINT?
22

1 A. Branding is not required by the Act. BellSouth cannot offer branding for Sprint or
2 other resellers when providing resold local exchange service because BellSouth
3 will not be able to distinguish calls of Sprint resold customers from calls of
4 customers of other local resellers, or from BellSouth.

5
6 In addition, when BellSouth service technicians provide material they will provide
7 generic access cards with the appropriate provider's name (Sprint). BellSouth
8 personnel, when providing services on behalf of Sprint, will not market directly or
9 indirectly to Sprint customers.

10
11 There appear to be two issues here: 1) whether or not BellSouth can offer
12 selective routing of calls that are made by customers of Sprint when using a resold
13 BellSouth service; and 2) what type of branding is appropriate when a BellSouth
14 employee interacts with a Sprint customer when performing work on behalf of
15 Sprint.

16
17 On the first issue, as discussed in the testimony of Mr. Keith Milner and Mr.
18 Anthony Pecoraro, BellSouth has shown, in compliance with the Rules, that
19 providing what is being requested by Sprint is not technically feasible and,
20 therefore, does not have to be, and indeed cannot be, provided.

21

1 With regard to the second issue, the FCC Rules do address branding. The
2 discussion is, however, limited to the areas of operator, call completion, and
3 directory assistance services. The Rules do not appear to contemplate what Sprint
4 is requesting here as branding and, therefore, this issue is not covered by the
5 Rules. BellSouth's position, which is discussed in more detail in Mr. Scheye's
6 testimony can, and therefore should be, accepted by this Commission.
7

8 Q. IN THE ABOVE ANSWER, YOU MENTION SELECTIVE CALL ROUTING.
9 CAN YOU PLEASE DISCUSS THIS IN MORE DETAIL?
10

11 A. Yes. BellSouth will route calls to an ALEC's requested service if the ALEC
12 provides the appropriate unique dialing arrangements. BellSouth's retail service
13 includes access via specified 0, 411, and 611 dialing arrangements to BellSouth's
14 operator, directory assistance, and repair service. Therefore, the resold services
15 include the same functionalities. As discussed in the testimony of Messrs. Milner
16 and Scheye, routing of calls to various operator providers through the same
17 dialing arrangements is not technically feasible or otherwise appropriate.
18

19 Paragraph 877 of the Order states, "section 251(c)(4) does not impose on
20 incumbent LECs the obligation to disaggregate a retail service into more discrete
21 retail services. The 1996 Act merely requires that any retail services offered to
22 customers be made available for resale." Paragraph 51.613 (c) of the Rules then

1 states, inconsistently, that the failure by an incumbent LEC to comply with
2 reseller unbranding or rebranding requests is a restriction on resale. The
3 paragraph goes on, however, to state that an incumbent LEC may impose such a
4 restriction if it proves to the state commission that the restriction is reasonable and
5 nondiscriminatory, such as by proving to a state commission that the incumbent
6 LEC lacks the capability to comply with unbranding or rebranding requests.
7

8 Because call routing, or selective call routing, as requested is not technically
9 feasible, BellSouth lacks the capability to comply with this request even if it were
10 otherwise appropriate. BellSouth's position on this issue is, therefore, consistent
11 with the FCC Rules and should be adopted by this Commission.
12

13 **DIALING PARITY**

14
15 Q. DO ANY OF SPRINT'S ISSUES CONCERN DIALING PARITY? IS
16 DIALING PARITY ADDRESSED IN THE ACT AND/OR THE FCC ORDER
17 REQUIRE?
18

19 A. Yes. Sprint specifically addresses dialing parity in section XII.A. of its matrix.
20 Several other issues raised by Sprint also really address a form of dialing parity.
21 The FCC's Second Order states in Paragraph 51.207 of the Rules, "A LEC shall
22 permit telephone exchange service customers within a local calling area to dial the

1 same number of digits to make a local telephone call notwithstanding the identity
2 of the customer's or the called party's telecommunications service provider."

3 BellSouth submits that this means that a Sprint customer should have to dial no
4 more digits to make a local call than a BellSouth customer. BellSouth has agreed
5 to this. BellSouth submits that the Rules do not, however, require that a Sprint
6 customer be able to dial the same string of digits to reach Sprint's Directory
7 Services and Operator Services platforms as the customer dials to reach
8 BellSouth's platforms.

9
10 The issue here is the same as that included in the discussion of branding and
11 selective call routing on pages 35-37 of my testimony. Sprint appears to be
12 making the same technically infeasible request in several variations. Regardless
13 of the manner in which the request is made, selective routing is not technically
14 feasible and BellSouth is, therefore, unable to comply with the request.

15
16 **III. INTRODUCTION OF BELL SOUTH WITNESSES AND SUMMARY**

17
18 Q. PLEASE LIST THE BELL SOUTH WITNESSES IN THIS PROCEEDING AND
19 DESCRIBE BRIEFLY WHAT WILL BE COVERED IN THEIR TESTIMONY.

20
21 A. Each issue in this proceeding, considered in disagreement as shown on the Sprint
22 Term Sheet Matrix attached as Exhibit "3" of Sprint's Petition, will be covered in

1 detail by BellSouth's witnesses. Specifically, testimony will be provided by the
 2 following BellSouth witnesses:

WITNESS**ISSUES ADDRESSED**

Mr. Vic Atherton

Network Issues/Technical Feasibility

Ms. D. Daonne Caldwell

Total Long Run Incremental Cost

Methodology

Ms. Gloria Calhoun

Operational Issues

Mr. Keith Milner

Network Issues/Technical Feasibility

Mr. Anthony Pecoraro

Network Issues/Technical Feasibility

Mr. Walter Reid

Avoided Cost Methodology

Mr. Robert C. Scheye

Interconnection, Unbundling, Resale &

Compensation

15 Mr. Atherton discusses appropriate points of interconnection. He also describes
 16 the appropriate trunking arrangements for interconnection between BellSouth's
 17 network and the network of Sprint. Specifically, Mr. Atherton addresses Issues
 18 II.B.1.a., II.B.2., II.B.5., II.D.1., II.D.2., and III.E.10.

19
 20 Ms. Caldwell presents the Company's cost studies for unbundled elements, upon
 21 which the Company's proposed prices for those elements are based, and describes
 22 BellSouth's methodology for developing those costs. Specifically, Ms. Caldwell

1 addresses Issue XIII.B.1.

2
3 Ms. Calhoun shows that BellSouth has expended considerable resources to
4 develop the interfaces to allow ALECs, facilities-based or resellers, to provide
5 local telecommunications services to Florida consumers. Further, Ms. Calhoun
6 will explain how BellSouth's substantial implementation efforts to develop the
7 current interfaces and to continue development of more advanced interfaces
8 represent a balanced, reasonable and prudent approach to meeting the operational
9 interface needs of Sprint, as well as all other new entrants. Ms. Calhoun
10 addresses Issues III.A.10., III.A.11., III.B.2., III.C.3.a., III.C.3.b., III.C.3.d.,
11 III.D.8., III.E.10., III.F.3., III.F.4., IV.A.9., XIV.D.3., and XIV.D.4.

12
13 Mr. Milner discusses the technical feasibility of unbundling the network elements
14 for which no agreement has been reached between Sprint and BellSouth,
15 including an extensive discussion on selective call routing. Mr. Milner's
16 testimony also includes a discussion on Sprint's request for access to Advanced
17 Intelligent Network ("AIN") capabilities. Mr. Milner addresses Issues III.E.10.,
18 III.F.3., IV.A.1., IV.A.3., IV.A.2., IV.A.4. - 8., V.A.1., V.A.3., V.C.3., VII.A.9.,
19 and XII.A.2. in his testimony.

20
21 Mr. Pecoraro provides an assessment of the feasibility of using central office
22 switching capabilities to provide for the selective routing of calls requested by

1 Sprint. Mr. Pecoraro provides support for many of the specific issues addressed
2 by Mr. Milner.

3
4 Mr. Reid addresses the appropriate methodology for use in determining the
5 Company's retail costs which will be avoided when services are provided to
6 resellers rather than end-users and presents the Company's study that calculates
7 the appropriate discounts based on those avoided costs. He also presents a study
8 that calculates a discount based on the guidelines set forth in the FCC's Order.
9 Mr. Reid addresses Issue XIV.B.3.

10
11 Mr. Scheye discusses interconnection, services available for resale and resale
12 restrictions, branding and pricing in his testimony. He specifically addresses
13 Issues II.B.5., II.D.2., II.F.3., III.A.12., III.C.2., III.D.2., III.D.8., III.E.9., III.F.7.,
14 IV.A.1., IV.A.3., IV.A.7., IV.A.8., IV.B., V.B.1., VII.A.8., VII.B., VIII.A.2.,
15 VIII.A.3., XI.B.1., XII.A.2., XIII.A.1., XIII.B.1., XIII.B.2., XIV.A.1., XIV.A.2.,
16 XIV.A.5., and XIV.B.3.

17
18 Q. WOULD YOU PLEASE SUMMARIZE YOUR TESTIMONY?

19
20 A. Yes. The FCC has released an Order establishing rules for the implementation of
21 local competition that goes far beyond the authority given to it by Congress. The
22 Order appears to be extremely unbalanced, deciding almost every issue in favor of

1 the new entrants and the IXC's. Contrary to the intent of Congress, it is not an
2 Order that will encourage the development of facilities-based competition, but one
3 that not only destroys the incentive of a new entrant to invest in its own network
4 but threatens to undermine the maintenance of universal service. BellSouth does
5 not believe that it was the intent of Congress to compel the LECs to subsidize
6 their competitors.

7
8 This Commission's responsibility, under the law, is broader than to stimulate
9 local competition. Section 364.01 of the Florida Statute requires the Commission
10 to, "Protect the public health, safety, and welfare by ensuring that basic local
11 telecommunications services are available to all consumers in the state at
12 reasonable and affordable prices." The statute also requires the Commission to
13 "Encourage competition through flexible regulatory treatment among providers of
14 telecommunications services in order to ensure the availability of the widest
15 possible range of consumer choice in the provision of all telecommunications
16 services." Finally, the statute requires the encouragement of all providers to
17 introduce new or experimental telecommunications services free of unnecessary
18 regulatory restraints. This part of the FPSC's mandate has not been changed by
19 the Act or the FCC's Order. This is still the duty of this Commission and entails
20 more than the narrow responsibility of doing the most it can to ensure the success
21 of new competitors.

1 A lopsided result in favor of new entrants to the local telecommunications
2 services market could have devastating results as opposed to the results being
3 anticipated by Congress. Congress intended a fair competitive framework.
4 Undue bias toward new entrants may provide the incumbent LECs with less
5 incentive to invest and place new services and technologically advanced
6 capabilities. If this happens, the results could be far-reaching for Florida in terms
7 of the state's continuing to have universal access to modern telecommunications
8 services at reasonable rates.

9
10 In conclusion, BellSouth respectfully requests that this Commission accept and
11 approve the positions put forth by BellSouth in this proceeding.

12
13 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

14
15 A. Yes.

1

2

3

4

REPORTER'S NOTE:

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

Pursuant to Ms. White's direction on 12-5-96, an additional correction has been made to Mr. Varner's Rebuttal, Page 16, deleting Lines 1 through 20.

Joy Kelly,

Chief, Bureau of Reporting

BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF ALPHONSO J. VARNER
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 961150-TP
NOVEMBER 1, 1996

1
2
3
4
5
6
7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH
8 BELLSOUTH TELECOMMUNICATIONS, INC. (HEREINAFTER
9 REFERRED TO AS "BELLSOUTH" OR "THE COMPANY").

10
11 A. My name is Alphonso J. Varner. I am employed by BellSouth as Senior
12 Director for Regulatory Policy and Planning for the nine state BellSouth
13 region. My business address is 675 West Peachtree Street, Atlanta,
14 Georgia, 30375.

15
16 Q. ARE YOU THE SAME ALPHONSO J. VARNER WHO FILED DIRECT
17 TESTIMONY IN THIS DOCKET ON OCTOBER 15, 1996?

18
19 A. Yes.

20
21 Q. WHAT IS THE PURPOSE OF THE TESTIMONY THAT YOU ARE FILING
22 TODAY?

23
24 A. My testimony addresses the testimony filed by the two Sprint witnesses
25 on October 3, 1996. I will only address issues that I did not specifically

1 address in my direct testimony. I also address the effects of the Eighth
2 Circuit Court of Appeals' stay of portions of the Federal Communications
3 Commission's (hereinafter referred to as the "FCC") First Report and
4 Order in Docket No. 96-98 (hereinafter referred to as the "FCC's Order").
5

6 DISCUSSION OF THE EIGHTH CIRCUIT COURT'S STAY
7

8 Q. YOU MENTION THAT THE FCC'S ORDER HAS BEEN PARTIALLY
9 STAYED. WHAT IS THE IMPACT OF THE STAY ON THE ISSUES IN
10 THIS DOCKET?
11

12 A. On October 15, 1996, the Eighth Circuit Court of Appeals issued a partial
13 stay of the FCC's Order. I understand that the pricing rules and the "pick
14 and choose", or Most Favored Nation, rules issued by the FCC have been
15 stayed. The FCC has requested the U.S. Supreme Court to overturn the
16 stay. BellSouth believes, however, the partial stay indicates that the 8th
17 Circuit believes that those parties who have objected to the FCC's Order
18 have a better than even chance of proving that the FCC's pricing rules
19 conflict with the plain meaning of the Act. Specifically, the stay halts the
20 enactment of Sections 51.505-51.515 (inclusive), 51.601-51.611
21 (inclusive), 51.701-51.717 (inclusive), 51.809, and the proxy range for line
22 ports used in the delivery of basic residential and business exchange
23 services established in the FCC's Order on Reconsideration, dated
24 September 27, 1996. These sections address primarily the pricing rules,
25 including the requirements related to Total Element Long Run Incremental

1 Cost ("TELRIC") studies, default proxy prices established by the FCC, and
2 the wholesale pricing standard for services available for resale. The
3 positions that BellSouth has taken regarding the meaning of the Act
4 relative to these FCC Rules has been entirely consistent.

5
6 In addition, that portion of the FCC's Order addressing rate deaveraging
7 has also been stayed. BellSouth has contended, and urges the
8 Commission to order, that rate deaveraging should not be implemented
9 until such time as the full consequences of such deaveraging can also be
10 addressed.

11
12 Q. DOES SPRINT'S PETITION OR THE TESTIMONY OF ITS WITNESSES
13 APPEAR TO RECOGNIZE THE PARTIAL STAY ISSUED ON THE FCC'S
14 ORDER?

15
16 A. No. Sprint's petition and testimony appear to rely solely on the pricing
17 standards set forth in the sections of the FCC's Order and Rules that have
18 been stayed.

19
20 Q. IN LIGHT OF THE STAY ISSUED ON THE FCC'S ORDER,
21 GENERALLY, HOW SHOULD THE FLORIDA PUBLIC SERVICE
22 COMMISSION (HEREINAFTER REFERRED TO AS THE
23 "COMMISSION" OR THE "FPSC") ESTABLISH PRICES FOR
24 UNBUNDLED ELEMENTS?

1 A. We are in a period of considerable uncertainty regarding the basis for
2 establishing prices. The pricing provisions and cost standards of the
3 FCC's Order have been stayed, but not overturned. The Act clearly
4 mandates that both unbundled elements and interconnection prices of
5 arbitrated agreements must recover cost. Even though the manner in
6 which these issues will be resolved is unclear, there are new entrants who
7 want to enter the local business. BellSouth does not want to delay that
8 entry while these matters are being resolved.

9
10 In view of this uncertainty, we recommend that this Commission establish
11 rates for unbundled elements based on existing tariffed rates for similar
12 services. Tariff rates are clearly cost based and meet the standard set
13 forth in the Act. BellSouth's specific prices and pricing proposals are
14 presented in the testimony of Mr. Scheye.

15
16 Q. IN THE EVENT THAT TARIFF PRICES AS DISCUSSED ABOVE ARE
17 NOT AVAILABLE, WHAT DO YOU SUGGEST THAT THE COMMISSION
18 DO?

19
20 A. The price for an unbundled element should be set to recover its costs,
21 provide contribution to shared and common costs and provide a
22 reasonable profit. Although BellSouth believes it will need to develop new
23 cost studies, the methodology and cost standards for these cost studies
24 will evolve from impending court decisions and the regulatory process. If

1 indeed studies are necessary, they will be submitted to this Commission
2 upon completion.

3
4 In the meantime, BellSouth recommends that the Commission adopt rates
5 with a true-up mechanism. It is important to realize that the rates
6 BellSouth is proposing are not interim rates as one would normally
7 characterize them. They are rates that will be subject to a true-up process
8 within the next six months, with the relevant regulatory bodies resolving
9 any further differences the parties might have determining what the final
10 prices for the elements involved would be. The prices must be set on a
11 reasonable basis (which does not mean use of the proxy rates established
12 by the FCC in those portions of its Order which are now stayed).

13 Importantly, there must be a true-up provision that requires the resolution
14 of final prices for these elements. It would clearly be reasonable to expect
15 these rates to reflect costs including a contribution. Doing this would give
16 everyone the breathing room to let the matter progress in the courts so
17 that we can deal with the permanent rules that will govern our relationship
18 in the future. This proposal also assures that no party will be
19 disadvantaged, and those parties that are interested in getting into the
20 local business will have the ability to do so, and consumers can begin
21 immediately receiving some of the benefits that competition will bring. We
22 should note that BellSouth has, in fact, entered into an agreement of this
23 type with American Communications Services, Inc. (ACSI).

24

1 Q. WHAT IF THE MATTERS YOU DISCUSS ARE NOT RESOLVED IN THE
2 NEXT SIX MONTHS?

3
4 A. The agreement would need to provide that the parties can extend the six
5 month period by mutual agreement. This should be sufficient to address
6 any problems, such as unanticipated delays in either the Court decisions,
7 or to permit additional time if the parties are close to resolution.

8
9 Q. CAN YOU PROVIDE AN EXAMPLE OF HOW THE TRUE-UP
10 MECHANISM WOULD WORK?

11
12 A. Yes. For example, on Monday, October 28, 1996 Sprint requests an
13 unbundled widget from BellSouth in order to serve a new customer.
14 BellSouth provides that widget at the price of \$12.00 a month, beginning
15 on November 1, 1996. In April of next year, this Commission finds that
16 the cost plus contribution to shared and common costs and a reasonable
17 profit is equal to \$11.50 per month. In April, BellSouth would begin
18 charging Sprint \$11.50 per month and true-up Sprint's rate for the
19 previous six months. For the true-up, Sprint would receive a credit of
20 \$3.00 (6 months @ [\$12.00-\$11.50]). Likewise, if the ultimate rate was
21 higher than \$12.00 per month, Sprint would be billed the difference
22 between \$12.00 and the rate for the six month period.

23
24 Q. HAS BELL SOUTH PROVIDED ANY COST SUPPORT IN THIS
25 PROCEEDING?

1

2 A. Yes. BellSouth filed cost studies, based on the FCC's methodology, with
3 the direct testimony of Ms. Daonne Caldwell. BellSouth contends,
4 however, that the appropriate use of these studies is as a test for the
5 reasonableness of the proposed rates for the element being studied. As
6 stated previously, the section of the FCC Rules requiring these studies
7 has been stayed.

8

9 Q. WHAT ROLE SHOULD COSTS PLAY IN ESTABLISHING PRICES?

10

11 A. BellSouth has stated and continues to believe that prices must recover full
12 historical or booked costs of the Company. These are the costs that the
13 Company has incurred and the only source for that recovery is through
14 the prices that the Company charges.

15

16 These historical costs include incremental costs, joint or shared costs,
17 common costs and any differences between embedded and incremental
18 costs. As a general rule, prices charged for services should recover a
19 reasonable share of all of these costs. Of course, there are exceptions,
20 such as basic residential service where public policy has dictated that a
21 subsidy exists. This subsidy merely adds to the cost burden that other
22 services must bear. We see no reason why rates charged for services
23 provided to new entrants should vary from the general principle. These
24 new entrants should pay rates which cover the incremental costs plus a

1 reasonable allocation of shared, common and other cost burdens that
2 other customers are bearing in their rates.
3

4 The price of unbundled network elements according to the Act must be
5 based on cost and may include a reasonable profit. The Act does not
6 identify the type of "cost" to which it is referring. The FCC assumed that
7 costs in the Act meant incremental, forward-looking costs. It also
8 assumed that prices should be set at that level. If prices for all of
9 BellSouth's services were set at that level, those prices would not cover
10 costs in the aggregate. In the long run, if the prices of all services in the
11 aggregate do not cover BellSouth's costs, the Company will go bankrupt.
12

13 If new entrants are allowed to pay too little, someone else, i.e., other
14 customers, will have to pay the difference. Therefore, the cost standard
15 that should be used is one that requires new entrants to pay a price that
16 covers not only incremental costs, but a reasonable allocation of joint and
17 common costs.
18

19 Q. WHY IS IT IMPORTANT THAT NEWLY ESTABLISHED RATES FOR
20 UNBUNDLED ELEMENTS COVER INCREMENTAL COST?
21

22 A. This is important for several reasons. First of all, BellSouth's Price
23 Regulation Plan as ordered by this Commission, requires that all prices be
24 above incremental cost, unless it is exempted by the Commission.
25 Second, the Act requires that the prices for interconnection and

1 unbundled network elements be based on cost, so the Commission can
2 have the confidence that even though these prices will be trued-up later,
3 they are nevertheless consistent with the Act. Third, although all parties
4 hope that these prices will be in effect for a short period, it is still true that
5 these prices will be the only economic signals present in this emerging
6 market. With this in mind, the Commission should ensure that the prices
7 at least cover cost. Fourth, BellSouth will at some point in the near future
8 file to true-up these rates based on appropriate costs. If this viewpoint
9 were to be adopted by this Commission, the transition to permanent rates
10 would be easier if the rates set now are at least above their incremental
11 cost. If rates are set below incremental costs, the Commission knows that
12 rates will have to be increased at least to that level. It will be less
13 disruptive in the marketplace if this potential source of rate increase does
14 not exist.

15
16 Q. WHAT PRICES IS BELL SOUTH PROPOSING IN THIS PROCEEDING?

17
18 A. BellSouth is recommending to the Commission that it adopt either tariff
19 prices or prices subject to a true-up where tariff prices are not available.
20 We believe this will be fair to the parties involved and to the public and will
21 advance Congress' and the Florida Legislature's goal of promoting local
22 competition. We must stress, however, as I stated above, that these
23 provisional rates must be subject to a true-up when permanent rates are
24 finally set. The true-up must extend back to the time when the provisional
25 rates were instituted. Moreover, the parties must be instructed to keep

adequate records so that the true-up can be as accurate as possible.
From BellSouth's point of view, the true-up is an essential part of the
Commission's responsibility to ensure that the parties are treated
equitably, that BellSouth has a reasonable opportunity to recover its costs,
and that the prices adopted in this proceeding comply with both this
Commission's price regulation rules and the Act.

Included in the testimony of Mr. Scheye is an exhibit that presents the
prices that BellSouth is asking this Commission to adopt in this
proceeding. In most cases, these rates are tariffed rates from the
BellSouth approved tariffs. Where tariffed rates were not available, the
proposed rates are based on derivatives of existing tariffed rates or are
based on TELRIC studies. We believe this schedule constitutes a fair and
reasonable set of provisional rates that will help the parties and this
Commission work through this transitional period.

RESPONSE TO SPRINT TESTIMONY

Q. HOW IS THIS SECTION OF YOUR TESTIMONY ORGANIZED?

A. In this section of my testimony, I will respond specifically to the testimony
of the Sprint witnesses with regard to Issues 13, 16, 20, 22, and 24 as
issued in FPSC Order No. PSC-96-1327-PCO-TP dated October 31,
1996.

230

1 **ISSUE 13) SHOULD BELL SOUTH PROVIDE SPRINT ACCESS TO**
2 **BELL SOUTH'S DIRECTORY ASSISTANCE AND 911/E911**
3 **DATABASES?**

4
5 Q. On page 7 of Mr. Key's testimony, he states that "Congress specifically
6 required LECs to disclose customer proprietary network information
7 ("CPNI") to competitors for purposes of facilitating the initiation of service.
8 CPNI at the time an order is being placed and at the time of order
9 confirmation is essential for a ALEC to recognize and then switch all of a
10 customer's services "as is" to Sprint". Does BellSouth agree with this
11 interpretation of the Telecommunications Act of 1996?

12
13 A. Although I am not a lawyer, Sprint's interpretation of Section 222 of the
14 Act is a clear misstatement of its express language and its purpose. The
15 only circumstance in which the Act requires disclosure of CPNI to a third
16 party is upon the affirmative written request by the customer. 47 U.S.C. §
17 222(c)(2). Beyond that, the Act permits, but does not require, a
18 telecommunications carrier to disclose CPNI to initiate
19 telecommunications services. 47 U.S.C. § 222(d). Moreover, the initiation
20 of service and the associated permissive disclosure of CPNI to which this
21 section refers is the carrier's initiation of service to the customer to whom
22 the CPNI relates and the disclosure of relevant CPNI to third parties for
23 purposes of such service initiation, such as when a carrier and a CPE
24 vendor must coordinate installation and calibration of equipment and
25 service. Thus, this section does not address disclosure of CPNI to

1 competitors for a competitor's initiation of service -- it refers only to a
2 carrier's disclosure of CPNI for the carrier's own initiation of service to the
3 customer -- and, it certainly does not require disclosure to a competitor.
4 Of course, at the time a customer is "switched as is" to an ALEC (but not
5 before), the ALEC becomes the customer of record for CPNI purposes
6 and thus may obtain current service records for that account.
7

8 **ISSUE 16: ARE THE FOLLOWING ITEMS CONSIDERED TO BE NETWORK**
9 **ELEMENTS, CAPABILITIES, OR FUNCTION? IF SO, IS IT**
10 **TECHNICALLY FEASIBLE FOR BELL SOUTH TO PROVIDE SPRING**
11 **WITH THESE ELEMENTS? LOCAL LOOP, NETWORK INTERFACE**
12 **DEVICE, LOCAL SWITCHING, OPERATOR SYSTEMS, INTEROFFICE**
13 **TRANSMISSION FACILITIES, TANDEM SWITCHING, SIGNALING AND**
14 **CALL RELATED DATABASES**
15

16 Q. MR. KEY'S TESTIMONY REFERS TO NINE SPECIFIC UNBUNDLED
17 ELEMENTS THAT THE FCC'S ORDER REQUIRES TO BE
18 UNBUNDLED. DO YOU AGREE WITH THE ELEMENTS THAT HE
19 SPECIFIES?
20

21 A. A. Yes. Subpart D of the FCC's Rules includes a discussion of the
22 unbundling of network elements. It specifies that where technically
23 feasible, access to unbundled network elements must be provided at just
24 reasonable and nondiscriminatory terms. (emphasis added) Paragraph
25 51.319 provides a list of specific network elements that are to be offered

1 on an unbundled basis. Those items are: 1) local loop; 2) network
2 interface device; 3) switching capability; 4) interoffice transmission
3 facilities; 5) signaling networks (access to service control points through
4 the unbundled STP) and call-related databases; 6) operation support
5 systems functions; and 7) operator services and directory assistance. Mr.
6 Key's list is just broken down differently than the Rules.

7
8 BellSouth's assessment of the Act, the FCC's Order, and Sprint's request
9 concludes that, where technically feasible, elements in these categories
10 must, and will be provided on an unbundled basis. The testimony of Mr.
11 Keith Milner and Mr. Robert Scheye address the technical feasibility and
12 other specific issues raised by Sprint in more detail.

13
14 **ISSUE 20: WHAT ARE THE APPROPRIATE WHOLESALE RATES FOR**
15 **BELLSOUTH TO CHARGE WHEN SPRINT PURCHASES**
16 **BELLSOUTH'S RETAIL SERVICES FOR RESALE?**

17
18 Q. MR. STAHL DISCUSSES WHOLESALE PRICING PROCEDURES IN
19 HIS TESTIMONY. DO YOU AGREE WITH HIS DISCUSSION?

20
21 A. No. Wholesale pricing was addressed in Sections 51.605 through 51.611
22 of the FCC's Rules. These sections of the Rules have been stayed.

23
24 As I stated in my direct testimony, the "avoidable cost" methodology set
25 forth in the Rules, and previously adopted by this Commission, is different

1 than the methodology supported by BellSouth. The Act requires that
2 rates for resold services shall be based on retail rates minus the costs that
3 will be avoided due to resale. This is the only fair and logical approach in
4 light of the fact that BellSouth's rates are not necessarily cost-based and
5 reflect social pricing considerations and a different competitive
6 environment. Sprint's proposal of using avoidable costs, as I discussed
7 earlier, is clearly inconsistent with the Act.

8
9 BellSouth submitted to this Commission, in the testimony of Mr. Walter
10 Reid, its "avoided cost" study. This study does not follow the guidelines
11 set forth in the FCC's Rules that have been stayed by the Court. It is,
12 however, in compliance with the Federal Act, while studies utilizing
13 avoidable costs are not. BellSouth asks this Commission to approve the
14 rates as put forth in the study submitted in Mr. Reid's testimony.

15
16 The study presented by Mr. Reid in his testimony that calculated the
17 discount costs using the guidelines and including the rebuttable
18 presumptions set forth in the FCC Rules, that have since been stayed was
19 submitted for information purposes only. BellSouth does not propose to
20 set wholesale discounts in accordance with this study.

21
22 **ISSUE 22: WHAT SHOULD BE THE COMPENSATION MECHANISM FOR**
23 **THE EXCHANGE OF LOCAL TRAFFIC BETWEEN SPRINT AND**
24 **BELLSOUTH?**
25

1 Q. ON PAGE 30 OF HIS TESTIMONY, MR. STAHLY BEGINS A
2 DISCUSSION OF RECIPROCAL COMPENSATION ARRANGEMENTS
3 FOR THE EXCHANGE OF LOCAL TRAFFIC. DO YOU AGREE WITH
4 HIS CONCLUSIONS?

5
6 A. No. Sprint, although referring extensively to the Act, depends on sections
7 of the FCC's Rules that have been stayed as the basis of its discussion on
8 reciprocal compensation.

9
10 A. BellSouth submits that the rate for the transport and termination of traffic
11 should be set with recognition of the intrastate switched access rate.
12 BellSouth has proposed interconnection rates based on these charges,
13 exclusive of the residual interconnection charge (RIC) and carrier common
14 line (CCL) charge, which the Company urges this Commission to adopt.
15 Mr. Scheye discusses BellSouth's specific proposal for transport and
16 termination in his testimony.

17
18 It should be noted here that BellSouth's position arises from a belief that
19 fairness demands that interconnectors should help pay for the costs that
20 the firm has incurred in fulfilling its role as the carrier of last resort. To do
21 otherwise would amount to asking only the end users to bear this
22 responsibility.

23
24 Q. IS BILL-AND-KEEP AN APPROPRIATE INTERIM COMPENSATION
25 ARRANGEMENT AS SUGGESTED BY MR. STAHLY?

1
2 A. No. BellSouth submits that the Act does not authorize a commission to
3 mandate that a party accept bill-and-keep, as proposed by Sprint, as the
4 method, for even an interim period of interconnection, eliminating the right
5 of either party to recover its costs. BellSouth submits that its position is
6 consistent with the Act, permitted based on the Court's stay, and should
7 be adopted this Commission.

8
9 Although the FCC Rules did give the Commission the option of ordering a
10 bill-and-keep arrangement with regard to transport and termination, as I
11 state above, that section of the Rules has also been stayed. As BellSouth
12 has repeatedly stated and demonstrates in the testimony of Mr. Scheye,
13 however, bill-and-keep is not an appropriate cost recovery arrangement.
14 BellSouth does not believe that the Act permits bill-and-keep to be
15 mandated. Certainly if mandating bill-and-keep is not authorized by the
16 Act, it is not appropriate for the state commission to mandate such
17 arrangements. This Commission is urged not to adopt a bill and keep
18 arrangement for cost recovery in this proceeding. This Commission
19 should approve BellSouth's proposed rates for transport and termination.
20

21 **ISSUE 24: SHOULD BELL SOUTH MAKE AVAILABLE ANY**
22 **INTERCONNECTION, SERVICE OR NETWORK ELEMENT PROVIDED**
23 **UNDER AN AGREEMENT APPROVED UNDER 47 U.S.C. SECTION**
24 **252, TO WHICH IT IS A PARTY, TO SPRINT UNDER THE SAME**
25 **TERMS AND CONDITIONS PROVIDED IN THE AGREEMENT?**

1
2 Q. MR. KEY, ON PAGE 30 OF HIS TESTIMONY, BEGINS A LENGTHY
3 DISCUSSION OF THE MOST FAVORED NATION CONCEPT. DOES
4 BELL SOUTH AGREE WITH THE CONCEPT AS PUT FORTH IN MR.
5 KEY'S TESTIMONY?
6

7 A. As I explained in my direct testimony, BellSouth absolutely disagrees with
8 Sprint on this issue. This specific concept is included in the Court's stay
9 of the FCC's Order and Rules.
10

11 BellSouth submits, and now appears to be supported by the Court's
12 decision, that a requesting carrier is not allowed to "pick and choose"
13 individual rates, terms, and conditions for a given service or from a given
14 agreement. BellSouth urges this Commission not to accept Sprint's
15 position on this issue.
16

17 ~~OTHER~~

18
19 Q. MR. STAHLY DISCUSSES INTERIM NUMBER PORTABILITY ON
20 PAGES 55 AND 56 OF HIS TESTIMONY. WOULD YOU PLEASE
21 COMMENT ON HIS DISCUSSION?
22

23 A. Certainly. BellSouth submits that this issue, although included in Section
24 251 of the Act as one of duties that a local exchange carrier has the duty
25 to negotiate on, is being addressed in Docket No. 950737-TP being

1 considered by this Commission and should not be addressed separately
2 in this proceeding. If this Commission should decide to address the issue
3 raised in Mr. Stahly's testimony, attached to my testimony as Exhibit AJV-
4 1 is BellSouth's direct testimony filed in Docket No. 950737-TP.
5

6 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
7

8 A. Yes.
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S NOTE:

Pursuant to Ms. White's direction on 12-5-96 an additional correction has been made to Mr. Calhoun's direct testimony Page 15, deleting Lines 1 and 2, and the word "maintenance" on Line 3.

Joy Kelly,

Chief, Bureau of Reporting

BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF GLORIA CALHOUN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 961150-TP
OCTOBER 15, 1996

Q. Please state your name, address and position with BellSouth Telecommunications, Inc. ("BellSouth").

A. My name is Gloria Calhoun. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375. I am employed by BellSouth Telecommunications, Inc. as a Director in the Strategic Management Unit. In that position I handle responsibilities associated with operations planning for local competition.

Q. Please summarize your background and experience.

A. I graduated *summa cum laude* with a Bachelor of Arts degree in Economics from the University of North Florida. In 1995, I completed a management program at the Georgia Tech Management Institute. I began my BellSouth career in 1981 when I joined the Southern Bell Business Marketing organization in Jacksonville, Florida. In that capacity I was responsible for coordinating the interdepartmental efforts needed to implement complex voice systems and associated exchange services. I transferred to the economic analysis group at company

headquarters in Atlanta in 1985, where I analyzed operations costs for dedicated services. I subsequently was promoted to a position in which I had pricing responsibility for dedicated services, as well as for additional testing, maintenance and other special provisioning activities for access customers.

Q. What is the purpose of your testimony?

A. I will show that BellSouth is operationally prepared to support the market entry of competing telecommunications service providers (ALECs) in the areas of Pre-Service Ordering, Service Trouble Reporting, Service Order Processing and Provisioning, Customer Usage Data Transfer and Local Account Maintenance. To that end, BellSouth already has provided substantial electronic interfaces between BellSouth and ALECs. Furthermore, BellSouth has undertaken costly and time-consuming work to provide still additional or enhanced interfaces. The timelines for those additional efforts are driven by the complexities of the undertaking. BellSouth interfaces address each function required by the FCC in its First Report and Order in CC Docket No. 96-98 ("FCC Order"). BellSouth's electronic ordering interfaces also comply with existing and emerging national guidelines and standards. As such, BellSouth's interfaces represent a reasonable approach to accommodating the operational needs of ALECs, including Sprint. The significant effort and costs incurred during BellSouth's

operational implementation illustrate the strength of BellSouth's commitment to accommodating the local market entry of ALECs.

While such matters as ordering services and reporting troubles seem fairly straightforward, the underlying systems that support those activities are not. Of necessity, therefore, this testimony will contain certain technical information that is necessary to demonstrate the reasonableness of BellSouth's approach.

Q. Has BellSouth reached agreement on electronic operational interfaces with any other ALEC?

A. Yes. As AT&T has stated in testimony before the North Carolina Utilities Commission Docket No. P-140, Sub 50 on September 30, 1996, BellSouth and AT&T have agreed on the interfaces and the schedule, for Pre-Service Ordering, Service Trouble Reporting, Service Order Processing and Provisioning, Customer Usage Data Transfer and Local Account Maintenance as they pertain to resale. However, BellSouth's electronic interfaces cover these functions for not only for resale, but also for interconnection and for unbundled network elements. Based on the fact that these same interfaces apply for both resale and unbundled network elements, BellSouth believes this Commission should find that no additional interfaces are required for AT&T, and that the interfaces and implementation schedule agreed upon with AT&T are also appropriate for Sprint.

BellSouth's Operational Preparedness

Q. Is BellSouth operationally prepared for both resale and facilities-based local exchange competition?

A. Yes. For nearly a year and a half, BellSouth has devoted extensive human and financial resources to its operational plans for accommodating other local service providers, and to implementing those plans.

BellSouth has developed operational interfaces, processes and procedures for both resellers and facilities-based competitors.

BellSouth has already made available interfaces -- many of which are electronic or mechanized -- for each of the areas requested by Sprint.

BellSouth has other electronic interfaces under active development on accelerated timelines. Each of these interfaces will be described in later sections of this testimony. However, it is important to note at the outset that BellSouth's processes already are in operation for a number of competitors. In addition, BellSouth has undertaken extensive internal operational preparations to accommodate its competitors -- preparations which have required the expenditure of thousands of work hours as well as millions of dollars in internal systems changes.

Q. Please describe BellSouth's efforts to prepare operationally for local exchange competition.

A. In March, 1995, BellSouth established an interdepartmental operations planning team to identify solutions for the pre-ordering, ordering, provisioning, billing and repair needs of ALECs. Because of the broad scope and sheer number of the issues, the solutions developed have involved and will affect almost every aspect of BellSouth's operations. Despite the extent of the operations preparations already completed, this work is still in progress, and has thus far resulted in:

- Numerous modifications to ordering and billing systems
- Development or modification of electronic operational interfaces
- Extensive process and procedure changes
- Employee training on new procedures and obligations
- Establishment of new roles and responsibilities

Q. Has BellSouth established an ordering center for facilities-based ALECs?

A. Yes. Facilities-based ALECs order interconnection trunking and most unbundled elements through the Interexchange Carrier Service Center (ICSC). BellSouth has produced a handbook for use by facilities-based ALECs to explain the ordering process for these services. The ICSC is the same ordering center that handles access orders for interexchange

carriers (IXCs) and competitive access providers. These orders are received and processed through the same mechanized ordering system used today by IXCs to submit Access Service Requests (ASRs) for access services. This system, called EXACT (Exchange Access Control and Tracking), was put into place in 1984 to provide mechanized order communications between BellSouth and IXCs, and operates in accordance with national industry standards. Those standards were developed by the telecommunications industry's guideline-setting body, the Ordering and Billing Forum (OBF). The OBF has endorsed the ASR method for processing local interconnection trunking orders.

When BellSouth receives an ASR via EXACT, BellSouth creates service orders, often with the aid of internal mechanized order generation programs. These same procedures apply to the new order types related to local competition. The ICSC service representatives have been trained on these new types of orders, and are actively processing such orders today.

Q. Does Sprint currently submit their access orders through a real-time or interactive ordering interface?

A. No. While BellSouth does have an interactive interface to EXACT available that processes ASRs every 15 minutes, Sprint send its orders via EXACT in "batches". Batch processing simply means that orders

are collected in groups and sent at certain intervals, such as several times per day.

Q. Is Sprint satisfied with this industry-wide order processing method for local interconnection trunking and the unbundled elements supported by the ASR process?

A. That has not been clear. Sprint does emphasize the need for adhering to industry standards. However, in Mr. Key's testimony on page 10, Sprint requests real-time electronic ordering systems for unbundled network elements and interconnection facilities. This request is at odds with the existing industry-wide mechanized ordering procedures for these services.

Q. Does BellSouth believe that the existing industry standards for access services -- the ASR process -- should be used for local interconnection trunking and the unbundled elements supported by that process?

A. Yes. The ASR process has worked well in the access environment for many years, and can support orders for local interconnection trunking and unbundled elements as well. More importantly, the OBF sanctions and supports using this ordering process for facilities-based local competition. In discussions with other facilities-based local competitors, nearly all have sought assurances that BellSouth would comply with OBF ordering standards for interconnection and

unbundling. In fact, through the ASR process, BellSouth already has processed orders in Florida for more than 1900 local interconnection trunks to connect ALECs with BellSouth's network.

Until such time as OBF recommends otherwise, BellSouth believes this Commission should recognize the existing industry-wide ASR process as the appropriate electronic ordering interface for local interconnection trunking and for the unbundled elements currently supported by that process. This will allow BellSouth to continue using the mechanized EXACT system to process these requests.

Q. Has BellSouth established an ordering center for resellers?

A. Yes. BellSouth created a new center, the Local Carrier Service Center (LCSC), as the point of contact for ordering and billing matters for all resellers operating in the BellSouth region. BellSouth also has created a handbook for use by resellers to describe the ordering process for resold services. The LCSC also handles orders for certain unbundled elements not supported via the ASR process, such as listings for facilities-based ALECs, interim number portability, and unbundled ports. That center, which is physically located within the Atlanta ICSC, was operational prior to July 1, 1995.

Equipping the LCSC has thus far resulted in capital expenditures of more than \$400,000. This cost was incurred to purchase routers,

servers, terminals and other equipment necessary to provide the LCSC service representatives with the initial ability to process orders and billing inquiries.

From the outset, BellSouth anticipated that industry ordering standards for resale would emerge, and would result in electronic interfaces similar to those used for access. The importance of adopting industry standards for resale, and the interfaces currently being developed on the basis of those standards, will be described in detail later in this testimony.

The center also hired LCSC service representatives, and trained them on the types of orders, both simple and complex, that resellers were expected to generate. The LCSC also is prepared to handle ALECs' orders for listings and interim number portability. To date, the LCSC has successfully processed more than 1,500 service orders associated with local competition for the BellSouth region. This demonstrates that the processes BellSouth has established to support ALECs' initial market entry in fact have met that objective.

Q. Has BellSouth provided other direct support to ALECs entering the local exchange market?

A. Yes. In addition to establishing the ordering centers and creating the other interfaces that will be described in this testimony, BellSouth

assigned account team managers from the InterConnection Services business unit to all new entrants. Also, the responsibilities of existing account teams serving interexchange carriers (IXCs) have been expanded to support the needs of IXCs who become ALECs. These teams assist resellers and facilities-based ALECs with activities such as completing ordering documents for complex resold services, or establishing interconnection trunking arrangements. BellSouth also provides its resale and facilities-based handbooks to all new entrants to assist them with their interaction and communications with BellSouth.

Q. Has BellSouth committed significant personnel and financial resources to preparing operationally for local exchange competition?

A. Yes. The magnitude of this ongoing effort has involved extensive resources within BellSouth and has generated significant expense. For example, the operations team itself has averaged approximately ten full-time members since April of 1995, with numerous other employees involved on an *ad hoc* basis during that same period. By conservative estimate, the ten full-time members alone represent more than 27,000 work hours expended thus far. In addition, a separate team of technical experts has been working full-time on an electronic ordering interface. That team was established in May, 1996.

BellSouth has devoted substantial resources to developing electronic operational interfaces specifically for use by ALECs. Those interfaces

address each of the operational areas raised in Sprint's petition, and will be described in detail in later sections of this testimony. While detailed analysis and design work can provide a firm picture of the ultimate cost of the various interfaces, the initial cost estimates total approximately \$10.5 million. These are preliminary estimates, and may be understated, perhaps by as much as half. These cost estimates will continue to change until the final analysis, design, and implementation work is complete. Furthermore, as addressed by Mr. Scheye, the cost recovery issue is still outstanding. The current cost projections are summarized on the chart filed with this testimony as Exhibit GC-1.

Q. Have there been other significant expenditures?

A. Yes. In addition to the estimated cost for developing electronic interfaces, expenditures for other internal operational support and billing system changes needed to support ALECs' entry are expected to approach \$5 million by the end of 1996. This systems' work encompasses many areas. For example, BellSouth's billing systems have been modified extensively to handle services provided to ALECs. Further, to protect ALECs' account records, BellSouth initiated system modifications to "restrict" ALECs' end user account information from BellSouth's end user customer service centers. Simultaneously, BellSouth developed a mechanized process to display ALECs' telephone numbers to end user service representatives, so that, if the end user should mistakenly call BellSouth, the service representative

can provide the ALEC's number to the end user. Even more systems changes were needed to display ALEC contact information on the handheld terminals used by service technicians installing or repairing services on behalf of a ALEC. These and myriad other changes were initiated by BellSouth to accommodate the ALECs' market entry. As addressed by Mr. Scheye the cost recovery issue has not been resolved.

BellSouth's Planning Assumptions

Q. When BellSouth began its operations planning process, did it have specific information about the operations requirements of the new entrants?

A. No. BellSouth initially had little factual information. First, BellSouth had no information as to when ALECs would choose to enter the local exchange market, or exactly who those entrants would be. Next, BellSouth could not be certain as to whether ALECs would choose to emphasize resale or facilities-based competition. For example, AT&T's decision to discontinue actively marketing local exchange services during its resale market trial in Rochester gave little indication as to whether resale would be a significant or long-term market strategy for ALECs.

Q. In the absence of such information, did BellSouth proceed with its planning and implementation?

A. Yes. Based on legislative activity in its region, BellSouth set for itself the objective of ensuring that it could accommodate the initial entry of any ALEC in the BellSouth region by July 1, 1995. However, to my knowledge no company, including Sprint, requested an operational meeting until after that date. Therefore, in undertaking its operations planning, BellSouth had to make a number of assumptions about the resale and interconnection markets, and about the operational requirements of both resellers and facilities-based ALECs.

Q. Please describe some of those assumptions.

A. BellSouth first assumed that facilities-based ALECs would expect to use the existing electronic order communications and trouble-reporting processes available for access services to the extent possible. BellSouth therefore established procedures for facilities-based ALECs that relied heavily on those existing electronic interfaces.

For resale, BellSouth proceeded under the assumption -- which has proven to be well founded -- that it would need initially to be prepared to interface with a range of resellers with varying capabilities. These included niche resellers, whose mechanization needs and capabilities

would likely be minimal, as well as more sophisticated resellers such as large interexchange carriers.

Q. Did that assumption affect BellSouth's early resale implementation activities?

A. Yes. BellSouth's initial objective was to move quickly to ensure it could operationally accommodate the initial entry of any reseller, then to proceed with developing additional or more sophisticated interfaces, if warranted, as industry standards became available and the resale market picture became more clear.

For some interfaces, meeting this objective necessitated a phased approach to development. The first or interim phase, which was intended to ensure that any ALEC could enter the market, involved a combination of some mechanized and some manual processes. The second or longer-term phase, which is well underway, is intended to provide additional mechanization capabilities for those ALECs preferring that mode of operation. Where a particular type of interface involved a phased approach, the specific capabilities associated with each phase will be detailed in the individual descriptions of each interface later in this testimony.

Q. In its petition, Sprint asks the Commission to conclude that BellSouth must provide electronic interfaces to accomplish functions described in

~~this testimony as pre-ordering, ordering and provisioning, maintenance and repair, customer usage data transfer, and local account~~

~~maintenance.~~ Is BellSouth prepared to accommodate the needs of ALECs, and provide electronic interfaces, in each of these areas?

- A. Yes. BellSouth has made available interfaces -- many of which are electronic -- for each of the areas requested by Sprint. While each area will be discussed individually in this testimony, it is important to note that some of these interfaces were initiated by BellSouth early in its planning process, prior to having any operational discussions with a ALEC. For example, BellSouth proactively developed the electronic interface that is now available to provide ALECs with daily customer usage data transfer. In addition, BellSouth initiated modifications to the electronic interface previously used by IXC's to validate street addresses, expanded the capabilities of that interface to serve the needs of ALECs, and created a data file for use in ALECs' computer systems to provide feature information to ALECs. Also, BellSouth determined that it would be feasible for ALECs to use the existing electronic trouble reporting gateway previously available to IXC's. For each of these and other areas, BellSouth has worked diligently to accommodate Sprint's and other ALECs' requests.

- Q. Has Sprint requested a "switch as is" process?

- A. Yes. On page 28 of the "Sprint Terms for LEC/CLEC Interconnection and Other Agreements - Interconnection, Unbundling, Resale, Ancillary Services and Associated Arrangements", Sprint requires an "as is" process when customers are migrating from BellSouth to Sprint at the same location. This is consistent with the "switch as is" process developed by BellSouth, which BellSouth attempted to make the process as easy as possible for resellers. For example, to switch an existing customer, BellSouth's form requires only three items of information: the customer's name, telephone number, and a simple checkmark on the order form to indicate that all services should be switched "as is". In addition, the resale order forms are available on computer diskette, which enables resellers with personal computers (PCs) to fax the forms directly from their PCs to the LCSC.
- Q. Mr. Key suggests in his testimony that BellSouth says it supports the concept of operational parity, however, at a detailed level of actual operational interface, the notion of true operational parity goes awry. Is this true for BellSouth?
- A. No. BellSouth proactively implemented several electronic interfaces prior to initial operational discussions with Sprint beginning on July 12, 1996, and was actively working on design and development for several others. For example, BellSouth completed the development of the billing electronic interface for daily customer usage data by March 1996 and the address validation on-line interface by April 1996.

In addition, BellSouth will provide the following interfaces on the following schedules:

- Electronic interface for ordering interconnection trunking and most unbundled elements -- available now;
- Electronic interface via electronic data interchange (EDI), for ordering resold services and unbundled elements such as listings and ports -- scheduled for availability by December 15, 1996;
- Electronic interface for pre-ordering information on serving central office and street address validation -- available now, with real-time, interactive enhancements scheduled for April, 1997;
- Electronic access to pre-ordering information on product and service availability by serving central office -- available now, with real-time, interactive, enhancements scheduled for April, 1997;
- Electronic transfer of telephone numbers reserved for CLPs -- available October, 1996, with real-time, interactive electronic access to telephone numbers scheduled for April, 1997;
- Electronic interface for real-time, interactive due date assignment -- scheduled for April, 1997;

- Electronic interface for maintenance and repair trouble reports -- available now, with enhanced interactive testing capability scheduled for April, 1997; and
- Electronic interface for customer usage data transfer -- available since March 1996, with an ALEC-requested modification completed in September, 1996.

Industry Standards

Q. Did BellSouth have any concerns with regard to industry guidelines and standards?

A. Yes. BellSouth's objective was to be certain it offered interfaces that met the needs of all ALECs. BellSouth, along with Sprint and most major industry players, has long participated in the OBF, which sets standards for the ASR-based ordering and provisioning processes for access services. Based on its experience in that forum, BellSouth recognized that most facilities-based ALECs would expect to expand their use of the existing access ordering interfaces to include local interconnection and unbundling.

BellSouth also recognized that, if resale became a significant ALEC strategy, large resellers ultimately might prefer electronic or mechanized interfaces. However, BellSouth also assumed that -- as with mechanized interfaces for access services -- those resellers would

want industry solutions to mechanization issues. For example, given that national resellers could be expected to operate from centralized operations centers, it would not appear cost-effective for those resellers to use different mechanized arrangements to interface with different local exchange companies.

In May of 1995, OBF expanded its scope beyond access services to include all interconnection, including local. Therefore, BellSouth was well aware that OBF would play an active role in evaluating the resale ordering process and associated systems, and that OBF intended to develop national standards.

Q. Have BellSouth's concerns about industry standards proven to be valid?

A. Yes. In negotiations with larger ALECs, including Sprint, nearly all have sought assurances that BellSouth would adhere to OBF standards for interconnection, unbundling, and resale, as the various standards became available.

Q. Is BellSouth's focus on industry ordering standards consistent with the FCC Order?

A. Yes. Paragraph 527 of the FCC Order states, "Ideally, each incumbent LEC would provide access to support systems through a nationally

standardized gateway. Such national standards would eliminate the need for new entrants to develop multiple interface systems, one for each incumbent. We believe that the progress made by standards-setting organizations to date evidences a strong national movement towards such a uniform standard."

Q. Does Sprint emphasize the importance of adhering to industry standards for electronic interfaces?

A. Yes. In fact, Mr. Key on page 74 of his testimony points out the importance of industry standards when he states that "continued inefficiencies due to non-standard electronic interfaces will hinder the competitive activities of the ALECs, waste development resources, and delay the intended outcomes of the FCC Order and the Telecommunications Act".

Electronic Interfaces Provided by BellSouth

Q. Please list the specific electronic interfaces required by the FCC Order.

A. The FCC Order requires access to pre-ordering, ordering, provisioning, maintenance, repair, and billing functions.

Q. Please list the specific electronic interfaces that BellSouth has offered to ALECs.

- A. BellSouth has offered electronic interfaces for each of the functions required by the FCC. I will describe each of these arrangements individually.

Ordering Interfaces

- Q. Does BellSouth provide electronic ordering interfaces for use by ALECs?

- A. Yes. As described earlier, local interconnection trunking and most unbundled elements are being ordered via EXACT -- the mechanized system used for access services. For other ALEC order types, including resale, BellSouth is developing an Electronic Data Interchange (EDI) electronic ordering interface sanctioned by the industry forum, OBF.

- Q. What was the impetus for BellSouth to begin developing the new interface?

- A. On April 23, 1996, the Ordering and Provisioning Committee of OBF recommended standards for resale order communications. The recommended standard is based on an arrangement known as Electronic Data Interchange, or EDI. The OBF recommendation, while far from a final standard, at least gave BellSouth the assurance it had

sought that its development efforts would be in keeping with the eventual national guideline.

Q. On the basis of this development, what actions did BellSouth take?

A. The week following OBF's recommendation of the EDI standard, BellSouth assigned a team of experts to work on the technical details of the implementation. That work has proceeded on a full-time basis since then.

Q. Does this mean, then, that BellSouth is working on an EDI interface, and that OBF has sanctioned EDI for ALEC order communications?

A. Yes.

Q. Then is the EDI ordering interface consistent with Sprint's request?

A. Yes, and no. The EDI interface is supported as a long term, industry-standard ordering solution by Sprint on page 74 of Mr. Key's testimony. However, that is inconsistent with Sprint's request for a real-time, interactive ordering interface on page 68 of Mr. Key's testimony.

Q. How has Sprint defined "real-time"?

A. Sprint has not provided BellSouth with a clear definition of "real time". BellSouth, however, defines real-time as transmitting and processing data and transactions as they occur.

Q. What is meant by "interactive"?

A. BellSouth interprets Sprint's reference to "interactive" to mean that, when an individual with a computer inputs a query, that individual receives a response. It is important to note, however, that serving a customer in an "interactive" manner is not dependent upon having either a "real time" or an "interactive" interface. For example, BellSouth could electronically provide a data file of information that Sprint could then load in its own computer. Sprint could then "query" that data, and receive a response. The fact that the information was provided via a data file, rather than through a "real-time" or "interactive" electronic interface to a BellSouth system, would not prevent from building their own interactive interface to that data to serve its customers "interactively".

Q. Even though EDI is not a real-time interface, can it be made to function in near real-time?

A. Yes. While EDI is not a real-time interface, it can be made to function in near real-time. This depends on the choice of transport method

between the parties' computer systems, and the software applications in those systems.

Q. Does BellSouth recommend EDI as an appropriate electronic ordering interface for resale?

A. Yes, for the following reasons. First, the OBF and other related industry committees have adopted EDI as the industry standard for such ordering. Those industry committees have made the development of local service ordering standards their number one priority. Thus, while industry standards are far from being finalized, it is clear that the work BellSouth has in progress is very likely to be in concert with the emerging industry standards.

Second, given the industry's adoption of an EDI ordering standard, the EDI interface comports with the FCC's ideal of a nationally standardized interface.

Third, EDI provides ALECs with an electronic order communications process for resale that is similar to that currently used for access services. The EXACT system allows IXC's and ALECs to submit ASRs electronically. Upon receipt of the ASR, the ICSC creates service orders to flow through BellSouth's internal service order systems. The EDI interface under development will allow a reseller to submit Local Service Requests (LSRs) electronically. As with access, the LCSC will

then create service orders that will flow through all BellSouth's provisioning systems in the same manner as do BellSouth's end user orders. The similarities between the access and resale processes are depicted in the drawing filed with this testimony as Exhibit GC-2.

Fourth, using the EDI interface is beneficial to a reseller. The EDI arrangement allows a reseller to transmit LSRs via data lines rather than FAX lines, and to receive confirmation of those orders electronically as well.

Finally, this arrangement also provides a foundation for mechanized enhancements of the order generation process. By December 31, 1996, BellSouth will have mechanized the order generation process on BellSouth's side of the EDI interface for several types of orders, including "switch as is", new connects for residence and single line business, and disconnects. For all these reasons, BellSouth believes this Commission should find that the EDI arrangement under development is an appropriate vehicle for electronic resale order communications.

Q. Will BellSouth's ordering interfaces meet Sprint's ordering needs?

A. Yes. The ASR process is an industry-wide process, as requested by Sprint. This process also meets Sprint's request for Firm Order Confirmation (FOC), and rejection or error notification. However, other

information requested by Sprint, such as notification of additional order charges, is not supported by the industry-wide process, and will be handled in the same manner as for other services, i.e., the appropriate BellSouth work center will advise the Sprint ordering contact of any pertinent information as it becomes available. This is equivalent to the manner in which BellSouth service representatives would obtain such information.

The EDI interface also will provide firm order confirmations, as well as completions information as requested by Sprint. In addition, EDI is recognized by the industry as the standard for resale ordering, and, as demonstrated earlier, Sprint is very much in favor of complying with industry standards.

Timing and Cost of Ordering Interfaces

Q. When does BellSouth anticipate that the EDI interface will be operational?

A. BellSouth has committed to completing its development of this interface by December 15, 1996.

Q. Is the current schedule consistent with the FCC Order?

A. Yes. The FCC Order requires BellSouth to make this interface available by January 1, 1997.

Q. How aggressive is the scheduled date?

A. This is a very aggressive date, particularly considering the number of order types to be included. The BellSouth EDI implementation is particularly time-consuming because of the emerging nature of the industry standards. Typically, an EDI implementation begins with a well-developed industry standard that includes many pre-defined data elements. Technical development then focuses on customizing these pre-defined data sets for a particular use. In this case, BellSouth is operating somewhat ahead of the industry, and is therefore having to include in its development effort much of the detailed definition work that normally would take place at the industry level, in the standard-setting committees. However, on the basis of the OBF recommendation to adopt EDI as the standard, BellSouth agreed to undertake this definitions work in order to expedite delivery of the interface.

BellSouth has a team of technical experts currently working on a full-time basis to develop such a specific structure based on the OBF recommendation to adopt EDI. The structure being developed is intended to be the structure for any local service provider using EDI-based order communications with BellSouth.

Q. What are the projected costs of providing the EDI-based ordering interface?

A. The EDI development cost currently is estimated at about \$1.5 million. However, these are not final costs. Also, these costs will increase as additional capacity is added and additional testing is undertaken to support each ALEC, nor do these amounts include ongoing support costs. Finally, as detailed OBF standards are adopted throughout 1997 and 1998, BellSouth anticipates that some rework and associated expenditure may be required to ensure its interface complies with the final standards.

Q. Does the EDI interface eliminate the need for manual handling of ALECs' service orders?

A. Yes, for some all order types. As described earlier, BellSouth initially is mechanizing the order generation process on the BellSouth side of the EDI interface for several types of orders including "switch as is", new connects for residence and single line business and disconnects. Furthermore, even for those orders that do require manual entry, this is no different than the process by which BellSouth's service representatives manually input service orders for BellSouth's customers. For example, orders for complex services typically are negotiated with the customer by a salesperson and entered into the

systems at a later time by a service representative, rather than being entered with a customer "on the line."

Q. Please summarize BellSouth's position on electronic ordering interfaces.

A. The industry-standard ASR process used for access services will support electronic ordering for local interconnection trunking and most unbundled elements. No additional interfaces are required for these services. For resale and certain unbundled elements such as listings and interim number portability, BellSouth is developing an OBF-sanctioned EDI interface; that interface provides electronic order communications comparable to those for access services. BellSouth has a team of technical experts working full-time on the EDI implementation. That team is operating on an accelerated timeline, and is scheduled to complete its work prior to January 1, 1997, which is consistent with the FCC Order.

Sprint has not shown that a real-time or interactive ordering interface is necessary to support its market entry. In fact, Sprint emphasize the need to adhere to industry standards. However, neither the ASR process nor the EDI interface is either real-time or interactive, but both are consistent with industry ordering standards.

BellSouth believes the Commission should recognize both the ASR process and the EDI interface as reasonable and appropriate ordering interfaces for all ALECs, including Sprint.

Provisioning

Q. What is BellSouth's definition of provisioning?

A. Provisioning is the filling of a service request and the tracking of installation activities including, for example, receipt of a firm order confirmation (FOC) or completion notification.

Q. Sprint's petition also refers to provisioning systems. Is direct access to BellSouth's provisioning systems a requirement for either resale or facilities-based interconnection?

A. No. Provisioning of interconnection, unbundling and resale services ordered from BellSouth is BellSouth's responsibility. No separate interfaces are required -- all necessary provisioning activities are triggered by the service order.

Q. In the document entitled "Sprint Terms for LEC/CLEC Interconnection and Other Agreements - Interconnection, Unbundling, Resale, Ancillary Services and Associated Arrangements" on pages 7 and 11, Sprint

requests that BellSouth dedicate carrier centers, available 7 days a week, 24 hours a day. What is BellSouth's position?

- A. BellSouth currently has in operation *maintenance* service centers for interconnection services, business, and residence trouble handling. These centers operate 24 hours a day, 7 days a week. BellSouth disagrees that separate centers should be dedicated to individual ALECs. The existing centers will handle repair for ALECs, in the same manner and the same timeframes as for BellSouth end users.

The *ordering* centers supporting ALECs were described earlier in this testimony. Local interconnection and resale orders will be processed in the Interexchange Carrier Service Center (ICSC) and Local Carrier Service Center (LCSC), respectively. Both centers currently operate during standard business hours. However, because both centers will be supported by the electronic order interfaces described earlier in this testimony, BellSouth can accept orders 24 hours per day, 7 days per week, but will process those orders requiring manual intervention during the centers' normal hours of operation. This is consistent with access ordering today, and also with BellSouth's end user practices. The only orders for which BellSouth's service representatives are available to end users 24 hours per day are consumer representatives. As described earlier, "switch as is" and new residence service are among the order types that initially will be mechanized. In the absence of reliable forecast information that would indicate otherwise, BellSouth

believes this is a reasonable arrangement. However, BellSouth has agreed to re-evaluate the operations of these centers, if warranted by service order volumes.

Q. On page 7 of the Sprint Term Sheet Matrix, Sprint requests order completion with all service order and time and cost related fees, rejections/errors on service data elements (s), jeopardy against the due date, missed appointments, additional order charges (construction charges), order status, validation of street address detail, and electronic notification of the local line options that were provisioned, at the time of order completion. Has BellSouth made provisions to provide the requested information?

A. Yes, as follows:

- Completion notification will be provided via the EDI ordering interface for resold services.
- Rejections and errors on service orders via the EDI interface is currently an open issue being discussed at the OBF. Until industry consensus is reached, notification of service order errors and rejects will be sent via fax or telephone based on ALEC preference.
- Notification of due date jeopardies which occur on the scheduled due date will be provided by the installation service technician and notification of due date jeopardies which occur prior to the scheduled due date will be provided by a LCSC service representative.

- Notification of missed appointments based on occurrence such as no access to the customer premises will occur via fax from the LCSC on a daily basis.
- The service technician will call the ALEC with any additional order charges (construction charges) incurred during installation.
- An electronic interface for validation of street address detail has been available since April 1996.
- EDI is a standard method for exchanging information which has no transaction sets to support exchange of order status information. However, this is the interface selected by Sprint for ordering and provisioning.
- The OBF resolution for firm order confirmation did not include notification of the local line options provisioned. The issue of local line options on the completion notification is still an open OBF issue.

As discussed previously, the ASR process for services such as interconnection trunks is the same process currently utilized by Sprint for access services, therefore, no new interface is required.

Q. In Mr. Key's testimony under the heading of Service Ordering on page 69, Sprint requests the ability to update BellSouth's Line Information Database (LIDB) directly. Does BellSouth agree?

A. No. Updates to databases such as Intercept Information, LIDB, Listing Services Database, and Directory Assistance Databases

for BellSouth's users are driven by the service order process. This is the same service order process that will be used for Sprint's and other ALECs' service orders. Thus, Sprint's and BellSouth's access to those systems will be comparable, and no additional interfaces are required.

Q. Sprint has requested an electronic interface with the ability to suspend/restore service on request. Does BellSouth agree to provide this interface?

A. Yes. Sprint can send suspend or restore order via the EDI interface requested by Sprint.

Q. Sprint states that appropriate ordering/provisioning codes should be established for each identified service and unbundled combination. What is BellSouth's position?

A. BellSouth will use both the Telecommunications Industry Forum (TCIF) Service Order Feature Codes (EDI X12 Standard) as well as Universal Service Codes (USOCs) depending on the service. BellSouth will continue to work with the appropriate industry forums to develop and implement standard codes as they are required.

Q. Sprint recognizes that it is BellSouth's intent to provide Sprint's customers the same average intervals as BellSouth provides its own customers. Does this apply to comparisons between unbundled loops

and bundled local exchange services that BellSouth provides to its end user customers?

- A. No. This only can be accomplished as long as both services are alike. However, the provisioning activities for unbundled loops can be very different from the provisioning activities for a bundled exchange service.

BellSouth has developed procedures to convert existing loops wherever possible to an unbundled loop without complete re-provisioning. For the most part, and whenever possible, existing facilities will be re-used, with the existing loop being redirected to the ALEC facilities. The ALEC will notify BellSouth to issue a disconnect order to free the loop, and a new connect order for the unbundled loop. BellSouth will need to schedule a BellSouth technician to do the physical disconnection and cross connection of the loop to the ALEC's loop transport facilities, in addition to coordinating and scheduling such cross connection with Sprint or other respective ALEC.

The manual coordination involved in this process, the required scheduling of physical work to redirect the loop, the re-provisioning requirements when Subscriber Loop Carrier system facilities are involved, and the coordination with the ALEC are different from the provisioning requirements of a bundled exchange service. Conversions of bundled services where facilities are already connected sometimes

can be simply activated through a mechanized process and can be done on short notice. On the other hand, orders for bundled service where facilities are not available may require more time than a coordinated conversion of an unbundled loop. Installation for retail bundled services will vary depending upon the unique circumstances of the request. The interval for provisioning a bundled single line residence or business line will typically vary from one to five days, depending upon factors such as the availability of facilities, whether those facilities are already connected through to the central office, work load, scheduling of forces in particular offices and many other factors.

For these reasons, BellSouth cannot guarantee that provisioning for conversions of unbundled loops will occur in precisely the same time interval as provided for a bundled service, because the provisioning of an unbundled loop requires additional procedures, as well as coordination with the ALEC, that are not applicable to bundled services. It is, however, BellSouth's intent to establish intervals for unbundled loops on a "Customer Desired Due Date" (CDDD) basis.

Q. Please describe BellSouth's Customer Desired Due Date process.

A. Under the CDDD process, BellSouth will provide service on the requested due date or, if the requested date cannot be met, on the earliest available installation date thereafter. Every effort will be made to meet an end user's, or a ALEC's, requested due date if one is

provided. The due date is impacted by work load, features and services requested and equipment availability. These items can only be determined when the order is processed. By applying CDDD guidelines to ALECs' requests for unbundled loops, BellSouth is committed to working with ALECs to meet their individual needs. It is BellSouth's intention to give ALECs' orders for unbundled elements when converting existing service or provisioning new loops the same priority it gives its end user orders, and to establish similar intervals for similar services in similar circumstances.

Q. Mr. Key has requested that within 48 hours of any disconnect, BellSouth notify Sprint of the disconnect of any Sprint unbundled element/combination/service. Does BellSouth agree to do this?

A. Yes. BellSouth currently has two processes for notification of disconnect in place for resold services which are generated when a customer transfers from one ALEC to another: 1) a mechanized letter printed nightly and mailed the next day; and, 2) a daily electronic batch feed.

As stated previously, disconnect notification is currently an open issue at OBF. BellSouth will work with Sprint and the other OBF participants to bring this issue to closure in a manner acceptable to all parties.

Q. In reference to provisioning of unbundled elements, Sprint requests real-time access to integrated test functionality. Does BellSouth agree with this request?

A. No. As the underlying network provider, BellSouth is responsible for installing, testing and repairing the network.

Definition of Pre-Ordering Information

Q. How does BellSouth define pre-ordering information?

A. Pre-ordering information allows a reseller to determine the availability of features and services, assign a telephone number, advise the customer of a due date, and validate a street address for service order purposes. Pre-ordering information does not include marketing information about BellSouth's existing customers.

Q. Is pre-ordering information needed for all orders?

A. No. This information is only needed for those orders involving new service or changes such as adding features. It is not needed for existing customers simply changing to a reseller without feature or number changes.

- Q. Is Sprint's definition of pre-ordering information different from BellSouth's?
- A. While BellSouth's and Sprint's definitions are generally consistent, they do differ in some important respects. First, in describing pre-ordering and ordering systems on page 27 of the Sprint Term Sheet Matrix (XIV.D.4) and in Mr. Key's testimony on page 68, Sprint indicates its desire that pre-ordering information include the access to the current customer service record (CSR).

BellSouth does not agree that pre-ordering information includes existing customer service records. It is not appropriate to provide a ALEC with on-line access to the existing customer service record of BellSouth's customers, or of any ALEC's customers for the following reasons: 1) This would be an invasion of customer's privacy; and 2) ALECs have other ways of obtaining this information. In addition, this is at odds with Sprint's assertion on page 3 of the attachment entitled "Sprint Terms for LEC/CLEC Interconnection and Other Agreements - Interconnection, Unbundling, Resale, Ancillary Services and Associated Arrangements" that an ILEC shall protect Sprint Customer Proprietary Network Information ("CPNI") and the CPNI of Sprint customers, including pub/non-list information, and shall not use this information for its own or other marketing purposes.

- Q. How is this an invasion of customer's privacy?

A. Sprint wants electronic access to customer service records, even when those customers are still customers of BellSouth, or, for that matter, of any other reseller. But all local entrants would have to be given the same access, so granting Sprint's request would mean that any local service provider could look at any customer's record, at any time, with no controls. Just as BellSouth has taken steps to restrict the ALECs' records from BellSouth's end user marketing centers, it is appropriate to protect the customer records of one company from other companies. Providing Sprint or any other ALEC with direct access to the current service records of any customer the ALEC chooses to target would not be appropriate. Providing electronic on-line access to this information would allow Sprint or any ALEC to browse BellSouth's databases for marketing purposes. Meanwhile, the information Sprint wants is included on every customer's local service bill, every month.

Therefore, BellSouth is asking this Commission to protect the privacy of the customers of Florida by denying Sprint's request for on-line access to CSRs.

Q. What other avenues do ALECs have for obtaining this information?

A. An ALEC is free to initiate its marketing effort by simply asking those customers which services they wish to receive, or to which services

they already subscribe. BellSouth's monthly bills contain an itemized list of the services to which each customer subscribes.

Q. Sprint also request that credit history should be included with pre-ordering information? Does BellSouth agree?

A. No. Due to the proprietary nature of this data, BellSouth feels it is inappropriate to provide the credit history. However, BellSouth is willing to explore participation in the exchange of credit information through appropriate credit reporting agencies.

Q. Are there any other differences in Sprint's and BellSouth's pre-ordering definitions?

A. Yes. Sprint indicates its belief, on page 12 of the "Sprint Terms for LEC/CLEC Interconnection and Other Agreements - Interconnection, Unbundling, Resale, Ancillary Services and Associated Arrangements", that information about service and feature availability for each switch should include rate centers. While BellSouth is providing most of the products and feature information requested by Sprint, rate center information is available in Bellcore's Local Exchange Routing Guide ("LERG"). This information is not currently available on-line, and therefore is not used by BellSouth service representatives.

280

Q. Sprint requests that BellSouth provide an initial electronic copy of the service address guide (SAG), or its equivalent, on a going forward basis. Does BellSouth's pre-ordering interface provide for this request?

A. Yes. The capability currently exists for ALECs to access this information electronically, either on a Local Area Network (LAN) to LAN basis, or via a dial-up arrangement. In addition, the street address validation portion of the April 1, 1997 pre-ordering interface will allow on-line, real-time electronic access to this information, which is included in BellSouth's Regional Street Address Guide (RSAG).

Pre-Ordering Interfaces

Q. Is BellSouth willing to provide Sprint with real-time and interactive access to pre-ordering information in its operational support systems via electronic interfaces?

A. Yes. Because of the number of systems involved, this undertaking is complex, time-consuming, and involves significant expense. Therefore, BellSouth's work in this regard necessarily has proceeded in two phases. The first phase, which BellSouth began in mid-1995, includes real-time interactive access to some pre-ordering information, and makes arrangements for all pre-ordering information. The second phase provides real-time interactive access to all categories of pre-ordering information.

Q. Please describe phase one for pre-ordering.

A. The first pre-ordering phase was intended to ensure that any ALEC entering the market could assign telephone numbers, ascertain the availability of features and services, and advise the customer of a due date. This phase involved a combination of mechanized and manual processes.

Q. What were the specific capabilities available during phase one?

A. Phase one includes the following four capabilities, all of which provide the ALEC with the capability to obtain pre-ordering information and to advise the customer accordingly -- with the customer on the line -- without consulting BellSouth:

- Real time access via an electronic interface to information that identifies the serving central office for a particular street address, and that validates the address for service order purposes. This, together with the feature information described in the next bullet, allows a ALEC -- with the customer on the line -- to advise the customer of feature and service availability without consulting BellSouth. The cost of this development effort was about \$200,000.

- Access through a data transmission line to a data file containing service and feature availability for each serving central office. Using the data line, the ALEC can access this information at will, or can download this information to its own computer system and access it interactively. Together with the information described in the previous bullet, the ALEC can use this information to advise its customer of feature and service availability -- with its customer on the line -- without consulting BellSouth.
- Access through a computer diskette file to a pool of telephone numbers reserved for the ALEC in each central office requested by the ALEC. If a ALEC loads this file into their own computer system, the ALEC can interactively assign telephone numbers from this pool -- with its customer on the line -- without consulting BellSouth.
- Access to installation intervals through interval guidelines developed by BellSouth. This information can be used by the ALEC to quote a due date to its customer without consulting BellSouth.

Q. Please describe the phase two pre-ordering capabilities.

A. Having ensured via its phase one procedures that ALEC market entry could proceed, BellSouth then began evaluating a fully mechanized capability for the second phase effort. BellSouth completed its formal

evaluation on May 1, 1996, and subsequently began its actual development effort. Phase two varies from the phase one capabilities in the following ways:

- Real-time access to the information that identifies the serving central office for a particular street address, and that validates the address for service order purposes, will continue to be provided. In addition, BellSouth will enhance this interface to provide additional information of interest to the ALEC, such as the availability of facilities at a particular location.
- Real-time access will replace the data transmission line access to information on service and feature availability.
- Real-time access to telephone number reservation information including vanity numbers will replace the computer file of reserved telephone numbers.
- Real-time access to the information BellSouth uses to calculate due dates will replace the installation interval guidelines.

The specific pre-ordering capabilities for both phase one and phase two are shown on the figure filed with this testimony as Exhibit GC-3.

Q. What type of pre-ordering interface has Sprint requested?

A. In its petition for arbitration, Sprint has requested that BellSouth provide real-time or interactive access through an electronic gateway to systems that BellSouth uses to access pre-ordering information.

Q. Will BellSouth's phase two pre-ordering interfaces satisfy request?

A. Yes. While the phase one interfaces include as much mechanization as possible, the phase two interfaces will provide real-time, interactive access to the same pre-ordering information used by BellSouth, as requested by Sprint.

Q. When will the pre-ordering interfaces be available?

A. The phase one interfaces are available now. The interdepartmental team planning the phase two project developed the necessary technical specifications in August, 1996. Implementation is currently scheduled for completion by April 1, 1997.

Q. Is this an aggressive schedule?

A. Yes. This effort involves a number of systems and is tremendously complex. Hardware must be ordered and installed for the communications links necessary to provide the real-time, interactive capability. Further, presentation software must be developed and tested to display the information obtained from the databases. In

addition, the databases themselves must be modified to provide the necessary data to the presentation system. All of these activities are magnified due to the number of systems involved.

Q. How does this schedule compare with the date in the FCC Order?

A. The currently scheduled completion date is three months beyond the FCC's date of January 1, 1997. BellSouth will address this issue with the FCC.

Q. Will ALECs be able to compete successfully in the interim for customers who choose to switch their existing local service to a new provider?

A. Yes. Pre-ordering information is most relevant to "new" customers, i.e., those without existing telephone service. Pre-ordering information is not required for any existing customers who already have telephone numbers and installed service, and who simply choose to switch local service providers without otherwise changing their service. This is consistent with page 28 of the "Sprint Terms for LEC/CLEC Interconnection and Other Agreements - Interconnection, Unbundling, Resale, Ancillary Services and Associated Arrangements" in which Sprint requires an "As Is" process. For a customer switching existing service to a new provider, it will not be necessary for a reseller to assign a telephone number, ascertain an installation date, nor

investigate product and service availability. The reseller will merely notify BellSouth that the end user has elected to become a customer of the reseller, and BellSouth will make the necessary changes in the billing records. BellSouth will process these service requests as expeditiously as possible, and in all instances, the change will be effective on the date requested by the ALEC, either via the due date of the order, or the utilization of an effective billing date.

Q. What are the projected costs of the phase two pre-ordering interfaces?

A. The cost of this project is currently estimated to be \$5 million to \$6 million. Actual cost will, of course, depend upon the final design.

Q. Please summarize your testimony on pre-ordering interfaces.

A. BellSouth already has many mechanized processes in place that allow a ALEC to obtain pre-ordering information and to advise the customer accordingly -- with the customer on the line -- without consulting BellSouth. In addition, BellSouth is actively working on a complex, time-consuming and expensive interface that will provide Sprint with real-time, interactive access to pre-ordering information; that interface is scheduled for delivery by April, 1997.

Electronic Interfaces for Maintenance and Repair

Q. Sprint has requested read and write access to BellSouth's maintenance and trouble reporting systems including the following functionality:

- Trouble reporting/dispatch capability - access must be real time;
- Repair status/confirmations; maintenance/trouble report systems;
- Planned/unplanned outage reports; and,
- Mechanized line testing.

Does BellSouth's electronic interface for trouble reporting meet this definition?

A. Yes, for the most part. While direct read and write access to BellSouth's trouble reporting systems is not available, BellSouth has a fully electronic, real-time, interactive trouble reporting interface currently available for use by ALECs. In addition, BellSouth has under development, for delivery by April 1, 1997, an enhancement that will provide ALECs with access to the same interactive testing capabilities BellSouth uses to screen trouble reports. Finally, in keeping with its need to accommodate ALECs with varying mechanization capabilities, BellSouth also is prepared to accept verbal trouble reports.

Q. Please describe the capabilities of the currently available interface.

A. This interface allows the ALEC to enter a trouble report, obtain the same appointment interval that would be given to a BellSouth end user customer, subsequently add information to the report itself, check for trouble completion, cancel the trouble report if necessary and perform

other trouble administration functions. In response to troubles reported via this interface, BellSouth will perform mechanized testing, if necessary, and initiate repair to the service. This electronic interface can be used for monitoring troubles with unbundled loops and trunking as well as unbundled ports. This interface was implemented in 1995 for access services at the request of interexchange carriers, and is based on national standards developed by the American National Standards Institute (ANSI) T1M1.5 Committee. The ANSI standard defines the transfer of maintenance requests, status and close-out information between two telecommunications providers. The similarities between this arrangement and the electronic trouble reporting available for access customers are shown in the figure filed with this testimony as Exhibit GO-4.

- Q. Is BellSouth's existing trouble reporting gateway consistent with Sprint's definition of an electronic interface to maintenance and trouble reporting systems?
- A. Yes, with two exceptions. Sprint requests electronic notification of planned or unplanned network outages and the ability to monitor BellSouth network. These capabilities currently are not provided by the electronic trouble reporting gateway. However, BellSouth has agreed to work with Sprint through the appropriate standards bodies and implementation forums, such as the Electronic Communications

Implementation Committee (ECIC), to determine when and how these features should be implemented.

Q. Please describe the additional capabilities being added to the existing electronic trouble reporting interface.

A. BellSouth is adding the capability for the ALEC to access the same interactive testing sequence that BellSouth follows to screen trouble reports.

Q. When will this enhancement be available?

A. This enhancement is scheduled for completion by April 1, 1997.

Q. How does this schedule compare with the date established in the FCC Order?

A. The currently scheduled completion date is three months beyond the FCC's date of January 1, 1997. BellSouth will address this issue with the FCC.

Q. Is this an aggressive schedule?

A. Yes, it is. This system was not originally built for ALEC access. Therefore, extensive modifications are required in order to maintain the

security and integrity of the system. BellSouth is not internally staffed for this development effort. Therefore, after defining the technical specifications for the interface, BellSouth must acquire external programming resources for an effort that will require thousands of programmer hours. In addition, the preliminary architecture will require BellSouth to purchase and install a new computer platform to establish connectivity options for the ALEC users of this system.

Q. What is the estimated cost of providing this enhancement?

A. Current estimates are that this interface will cost BellSouth approximately \$3.5 million to develop and implement. Actual cost will be determined as the implementation proceeds.

Q. Please summarize your testimony on electronic interfaces for trouble reporting.

A. BellSouth has already provided a real-time, interactive, electronic trouble reporting interface for ALEC use. In addition, BellSouth has a time consuming and costly effort underway to provide additional interactive trouble reporting capabilities to ALECs; that enhanced interface is scheduled for delivery by April 1, 1997. BellSouth will continue to work cooperatively with Sprint in the appropriate national forums such as ECIC to address additional functionality.

Electronic Interfaces for Customer Usage Data Transfer

- Q. In its petition, Sprint requests that BellSouth provide an electronic interface available for daily customer usage data transfer. Will BellSouth provide this interface?
- A. Yes. BellSouth already has the electronic capability available to provide customer usage detail to ALECs. This option provides detail for billable usage such as directory assistance or toll calls associated with a resold line or a ported telephone number. The usage option allows the ALEC to bill end users at their discretion, rather than on BellSouth's billing cycles. This option also allows a ALEC to establish toll limits, detect fraudulent calling, or analyze its customer usage patterns.
- Q. How long has BellSouth had this electronic interface available?
- A. In anticipation of ALECs' requests for this option, BellSouth undertook its development effort in September of 1995. This electronic interface was made available on March 31, 1996. In addition, BellSouth now has enhanced its original design specifically to accommodate an ALEC request; that enhancement was completed in September of 1996.
- Q. Does this interface meet Sprint's request for an electronic interface for customer usage data transfer?

- A. Yes. Sprint has requested a daily usage file. In addition, BellSouth is providing the daily usage file at the call level in the industry-standard Exchange Message Record (EMR) format requested by Sprint.
- Q. Sprint requests that BellSouth provide the daily usage file via an agreed upon media at no additional charge. Does BellSouth agree to provide this data free of charge?
- A. No. As addressed by Mr. Scheye, BellSouth expects to recover the costs of providing electronic interfaces for ALECs.
- Q. What are the estimated costs of this interface?
- A. BellSouth's initial development cost for this interface was approximately \$125,000. This does not include the cost of the enhancement provided in September, 1996, nor the ongoing costs for producing the usage files themselves.

Electronic Interfaces for Local Account Maintenance

- Q. In its petition for arbitration, Sprint has requested that BellSouth provide an electronic interface for local account maintenance. Does the FCC Order specifically address this?

A. No.

Q. How does Sprint define "local account maintenance"?

A. In Mr. Key's testimony on page 67, Sprint lists Local Account Maintenance as an interface required under the heading Billing Interfaces. While Sprint does not provide a definition, other ALECs have defined local account maintenance as the means by which BellSouth can update information regarding a particular customer, such as a change in the customer's features or services. However, changes to a customer's features or services normally will be initiated by the ALEC, and thus will be handled via the normal service order flow through the processes described throughout this testimony. There will be some exceptions to this norm, and it is possible that Sprint is intending to address those exceptions with this request, but these exceptions certainly do not warrant the cost and effort of establishing yet another interface.

Q. Please describe those exceptions.

A. The first exception occurs when an end user customer switches from one ALEC to another (i.e., from Sprint to another ALEC), and that end user's service involves, for example, a resold BellSouth service. BellSouth has agreed to provide electronic notification of this change on a daily basis. BellSouth believes the only issue associated with this request is cost recovery which is still an outstanding issue

as addressed by Mr. Scheye.

Sprint also may need the capability, as the local exchange carrier, to initiate PIC (pre-subscribed interexchange carrier) changes on resold lines via a local service request. BellSouth has agreed to accept these orders, and is currently evaluating the data elements necessary to include them in the EDI ordering interface discussed previously.

Carrier Billing

Q. What billing systems does BellSouth currently use?

A. BellSouth has two billing systems. The Carrier Access Billing System (CABS) is currently used for access services. The Customer Records Information System (CRIS) is used by BellSouth to bill for local exchange services and other services provided from the General Subscriber Services Tariff (GSST).

Q. What BellSouth billing system is appropriate for services purchased by Sprint?

A. BellSouth will use either CABS or CRIS, depending on the particular service being billed. CABS is appropriate for billing local interconnection services such as interconnection trunking, unbundled loops, or collocation. CRIS, however, is designed for billing services

such as resold local exchange lines, private lines, intraLATA toll, directory listings and unbundled ports.

Q. On page 72 of Mr. Key's testimony, Sprint raised the issue of whether BellSouth should be required to provide all carrier billing, including billing for resold services, via the Carrier Access Billing System (CABS), in the Carrier Access Billing format. Does BellSouth agree?

A. No. Using BellSouth's CABS system for resold local exchange services is completely inappropriate. The CABS billing system is designed to render bills for access services. BellSouth's CABS bills do not include the line level detail associated with resold local exchange lines. Examples of line level detail include per line charges for billable usage, such as directory assistance, collect calls, intraLATA toll calls or local measured service.

Q. What BellSouth billing system does provide such detail?

A. The billing system that does support resold services is the Customer Record Information System (CRIS). The CRIS billing system contains the necessary infrastructure to provide the line level detail resellers have requested, while BellSouth's CABS billing system, which is geared towards access services, does not. There is no reason that BellSouth should be required to completely redesign the CRIS billing system, which is specifically designed to bill for the local exchange

services ALECs obtain from BellSouth. Again, it should be noted that BellSouth uses the same CRIS billing system to bill its end users for local exchange services.

Q. Does BellSouth's CRIS billing system contain quality assurance controls?

A. Yes. ALECs' resale billing accounts in CRIS will be subject to the same internal quality controls and measurements used for BellSouth's other CRIS accounts. Examples of these controls and measurements include bill release timelines, error rates, data volume system controls and numerous system edits. Also, a billing quality standard for the resale environment is currently being developed. Sprint appears to prefer CABS billing only because of the CABS billing quality control measures with which they are familiar, and which facilitate their access billing control practices. However, the CRIS billing system has the capability to meet all the requirements delineated by Sprint except one: it is not CABS. Sprint's preference for CABS appears to be strictly that -- a preference, but not a necessity.

Q. Are there any provisioning considerations related to CRIS billing?

A. Yes. Resold services themselves are "CRIS" services, and thus require CRIS service orders for provisioning. CRIS service orders are

required to populate the 911/E911, Listing, Directory Assistance, Line Information and Intercept databases.

Q. What has BellSouth done to ensure that the CRIS system meets the needs of resellers of BellSouth services?

A. BellSouth has made many enhancements to the CRIS billing system, some of which are particularly suited to accommodating resale billing. Thus, BellSouth is able to offer resellers a CRIS bill which incorporates many of the features that ALECs receive with a CABS bill for access services. For example, BellSouth's billing process will provide CRIS bills designed to meet the needs of these customers. BellSouth offers Customized Large User Bills (CLUB) designed for those customers who have multiple service locations, and a variety of differing services. The CLUB billing arrangement provides ALECs with a single bill from each BellSouth Revenue Accounting Office each month, and that bill includes all charges for each of the ALECs' individual end user accounts. In addition, the CLUB bill provides a sufficient level of detail for ALECs to uniquely identify all charges generated by each of their end users.

Further, the ALECs can choose from a variety of offerings for the actual media through which the billing data is delivered to them. Enhanced Billing Service options include magnetic tape, Diskette Analyzer Bills, CD ROM, Electronic Data Interchange, as well as the paper bills. The

CLUB arrangement allows ALECs to choose among numerous sorting options to customize the presentation of billed data to meet their needs.

BellSouth also has implemented several changes to the CLUB billing procedures to meet specific needs of ALECs. The single bill from each Revenue Accounting Office offers a single balance due for all the aggregated charges associated with the CTSP end user accounts. The billing is performed on a calendar month basis, and the CTSP can choose the billing period when the bill is rendered.

Q. If BellSouth were to attempt to modify its CABS system to include the line level detail now in CRIS, what would be involved?

A. Very broad gauge estimates of time and cost for implementing a process to render CABS bills for the resold charges indicate that the work effort would require a year at minimum and fifty Information Technology (IT) staff members. There would be requirements for heavy participation by other departments during the development process (Comptrollers, Interexchange Carrier Service Center, Local Carrier Service Center, etc.). Such an intensive undertaking is inappropriate, unnecessary, and not at all reasonable, given that the CRIS system already contains the functionality required and provides a "tried and true" mechanism for rendering bills on the same services which ALECs will resell.

Q. Is there an industry standard requiring CABS billing for resold services?

A. No, nor is one imminent. BellSouth, Sprint and many other telecommunications providers participate in the telecommunications industry's forum, the Ordering and Billing Forum (OBF), which produces inter-company billing guidelines. The OBF Billing Committee recently worked issue #1215, *Resale Billing*, to final closure at the OBF meeting held August, 1996. This resolution, while not an industry standard, does provide guidelines for the billable components and the data elements that should appear on a resale bill. This guideline, however, does not dictate the billing system, nor the format, for the bill. In fact, the OBF specifically declined to add a preference statement for CABS mechanized billing. One reason for this was that the OBF recognized that small resellers who may not be able to handle mechanized bills, were not participating in OBF, and that their interests were not represented. Therefore, consensus was not reached on CABS mechanized bills.

Q. Are other Incumbent Local Exchange Carriers (ILECs) utilizing CABS to render reseller bills?

A. While some ILECs are utilizing systems that also are referred to as "CABS" for resale billing, not all ILECs' "CABS" billing systems are alike. For example, some companies have a single billing system called "CABS" that incorporates the CRIS billing function. For

companies whose CRIS and CABS billing systems are combined, their infrastructure is currently set up to process both line-level detail and access billing structures within the same billing system. This is not the case in BellSouth.

BellSouth has separate systems, and CRIS is the appropriate billing system for resold services. While BellSouth's CRIS system was designed and in use long before local exchange resale was an option, CRIS nonetheless contains the necessary infrastructure to provide the line-level detail resellers require, and is the system BellSouth has utilized for its end user customer accounts for many years. BellSouth believes that the Commission should support the use of the available and established CRIS billing system, which is well equipped to accomplish the task at hand.

Q. Have other ALECs agreed to accept CRIS bills for resold services?

A. Yes. Despite its stated long-term preference for CABS billing, AT&T has agreed to accept CRIS bills for resold services.

Q. Please summarize your testimony on Carrier Billing.

A. The CRIS billing system is the appropriate vehicle for rendering bills for resold services. CRIS contains the necessary infrastructure to provide line level detail associated with resold services, while the CABS system

is not designed for this task. Sprint's resale billing accounts in CRIS will be subject to the same internal quality controls and measurements used for BellSouth's other CRIS accounts.

BellSouth requests that the Commission support the use of BellSouth's CRIS billing system for resold local exchange services because it is the system which has been in place, has been tested and was developed specifically to render bills for those services. There is no industry standard specifying CABS billing, nor is one imminent. Finally, despite its stated long-term preference for CABS billing, AT&T has agreed to accept CRIS bills for resold services.

911 and E911 Interfaces

Q. Sprint requests an automated interface to the Automatic Location Identification (ALI) database and access to the MSAG (Master Street Address Guide), any mechanized systems used in the editing process, and any other systems and processes used in populating the 911 ALI (Automatic Location Identification) database. Has BellSouth agreed to provide this?

A. Yes. Three databases are required to provide the E911 data for display at the PSAP.

- Master Street Address Guide (MSAG)
- Telephone Number (TN) Database

- Network Tandem Information (TN/ESN)

BellSouth has arranged for access to all three databases. Upon request, the MSAG will be sent quarterly to the ALEC. The network information files in the Interim Regional Emergency Information System (IREIS) database are used to update both the telephone number and tandem databases. ALECs will send daily updates for E911 to the IREIS database via mechanized file transfer. The procedures for doing so are specified in the E911 LOCAL EXCHANGE CARRIER GUIDE FOR FACILITY-BASED PROVIDERS that BellSouth has prepared for use by ALECs. Given the critical nature of E911 services, BellSouth will continue to cooperate to the fullest extent to ensure the continued integrity of this system in a multi-local exchange carrier environment.

Q. On page 17 of the Sprint Term Sheet Matrix (VI.A.8 and VI.A.9), Sprint asserts that ILECs must adopt National Emergency Number Association (NENA) standards for ALI records. Does BellSouth agree?

A. No. BellSouth established database and data exchange standards prior to the development of NENA standards. BellSouth standards were established to meet the needs and accommodate the equipment constraints of BellSouth's E911 customers and public safety answering points (PSAPs), and also are used by each of the independent companies that provide data to the BellSouth E911 database. Therefore, adopting a different format would be disruptive to the existing users of the E911 systems. BellSouth's format also exceeds

the NENA standard in that BellSouth proactively added the capability to accept and display dual telephone numbers to eliminate any possible confusion in handling E911 calls involving interim number portability. NENA is actively working to include dual numbers in standards, but has not yet issued new standards. Nonetheless, the BellSouth standard data exchange format contains all fields currently available in the ALI data stream and made available to the PSAP for display. BellSouth will continue to participate in NENA standards committees and evaluate future data needs. In fact, BellSouth chairs the NENA Study Group that is developing the first standard ALI data stream. Migration to NENA data exchange standards will be considered as PSAP requirements dictate.

Summary

Q. Please recap the interfaces BellSouth has agreed to provide for ALECs.

A. BellSouth has agreed to provide the following interfaces:

- Electronic interface for ordering interconnection trunking and most unbundled elements – available now;
- Electronic interface via OBF-sanctioned electronic data interchange (EDI) for ordering and local account maintenance for resold services and unbundled elements

such as listings -- scheduled for delivery by December 15, 1996;

- Electronic interface for pre-ordering information on serving central office and street address validation -- available now, with real-time, interactive enhancements scheduled for April, 1997;
- Electronic access to pre-ordering information on product and service availability by serving central office -- available now, with real-time, interactive, enhancements scheduled for April, 1997;
- Electronic transfer of telephone numbers reserved for ALECs available October, 1996, with real-time, interactive electronic access to telephone numbers scheduled for April, 1997;
- Electronic interface for real-time, interactive due date assignment scheduled for April, 1997;
- Electronic interface for maintenance and repair trouble reports -- available now, with enhanced interactive testing capability scheduled for April, 1997; and
- Electronic interface for customer usage data transfer -- available now.

Q. Please summarize your testimony.

A. BellSouth is operationally prepared to support the market entry of local exchange competitors. Other ALECs are operating effectively with the interfaces BellSouth has established to date. BellSouth has established or modified many electronic interfaces to support ALECs, and has others under development on an accelerated timeline. For ordering and for trouble reporting, BellSouth is providing electronic interfaces for both resellers and facilities-based carriers that are similar to the processes that have worked effectively in the interexchange access world. While pre-ordering information is not even necessary to compete for customers who simply switch their existing service, BellSouth nonetheless has established interfaces to allow ALECs to obtain such information electronically. In addition, BellSouth has devoted substantial time and money to providing real-time and interactive pre-ordering interfaces, and additional trouble reporting capabilities, as rapidly as the complexity of the development effort will permit. BellSouth also has provided electronic customer usage data transfer, and has enhanced its original design specifically to accommodate a ALEC request.

Overall, BellSouth's interfaces are consistent with the FCC's requirements. Many of BellSouth's interfaces are already available. Additional interfaces or enhancements will be available by January 1, 1997, as required by the FCC Order. Some work will remain at that time, and is scheduled for completion by April 1, 1997. BellSouth is addressing that date with the FCC.

BellSouth has committed thousands of work hours and millions of dollars to provide effective operational interfaces for Sprint as well as other ALECs, and is operating on accelerated timelines. BellSouth's comprehensive efforts to provide these interfaces demonstrate the strength of BellSouth's commitment to accommodating the local market entry of Sprint as well as all other ALECs.

BellSouth is asking this Commission to do three things:

- Find that the electronic interfaces and implementation schedule agreed to with AT&T also are appropriate for Sprint;
- Support CRIS billing and CRIS format for resold services for Sprint; and
- Protect customers' privacy by denying Sprint's request for electronic access to customer service records.

Q. Does this conclude your testimony?

A. Yes.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

REPORTER'S NOTE:

Pursuant to Ms. White's direction on 12-5-96, an additional correction has been made to Gloria Calhoun's rebuttal testimony, adding in Page 5, starting at Line 23.

Joy Kelly

Chief, Bureau of Reporting

BELLSOUTH TELECOMMUNICATIONS, INC.
REBUTTAL TESTIMONY OF GLORIA CALHOUN
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 961150-TP
NOVEMBER 1, 1996

1
2
3
4
5
6
7 Q. Please state your name, address and position with BellSouth
8 Telecommunications, Inc. ("BellSouth").
9

10 A. My name is Gloria Calhoun. My business address is 675 West
11 Peachtree Street, Atlanta, Georgia 30375. I am employed by BellSouth
12 Telecommunications, Inc. as a Director in the Strategic Management
13 Unit. In that position I handle responsibilities associated with
14 operations planning for local competition.
15

16 Q. Are you the same Gloria Calhoun who previously filed testimony in this
17 proceeding?
18

19 A. Yes.
20

21 Q. What is the purpose of your testimony?
22

23 A. I will address issues in the direct testimony of Sprint's Mr. Key on
24 electronic interfaces, and also on carrier billing. Specifically, given that
25 there are no industry standards for interfaces for some functions,

1 Sprint's simultaneous requests -- for industry standard interfaces and
2 for interfaces available by January 1, 1997 -- are mutually exclusive for
3 those functions. As I have detailed in my direct testimony, BellSouth
4 already has provided, or has under active development, electronic
5 interfaces for each of the areas requested by Sprint, including pre-
6 ordering, ordering and provisioning, maintenance and repair, and
7 billing. BellSouth's interfaces are consistent with the FCC's First
8 Report and Order in CC Docket No. 96-98 ("FCC order").

9
10 Florida law, as well as the FCC order, supports BellSouth's position
11 that direct, on-line access to customer service records is not
12 appropriate. Finally, the Commission should not impose a CABS billing
13 requirement for resale that already has been rejected by the industry.

14
15 Update on Electronic Interface Agreements

16
17 Q. In your direct testimony, you stated that BellSouth had reached
18 agreement with AT&T on electronic operational interfaces for resale. Is
19 that still your understanding?

20
21 A. Yes, that is still BellSouth's understanding. However, AT&T recently
22 has offered conflicting testimony on that point in other states.
23 Therefore, BellSouth is attempting to clarify what we believe may be a
24 definitional issue regarding the technical design.

25

1 Industry Standards

2
3 Q. While Mr. Key cites the FCC's requirement for providing access to
4 operations support systems by January 1, 1997, Mr. Key then asserts,
5 on page 60 of his direct testimony, that "Sprint should not be charged
6 for any development work that is not specifically performed at Sprint's
7 request and in accordance with Industry Standard specifications. Any
8 interim solution required to meet the 1/1/97 FCC order that is not
9 industry standard and therefore not usable across the industry, should
10 not be charged to the Alternative Local Exchange Companies
11 ("ALECs")." Does BellSouth agree with this assertion?

12
13 A. No. BellSouth also supports industry solutions. However, given that
14 there are no industry standards for some of the required interfaces,
15 Sprint cannot have it both ways. Either interfaces can be made
16 available as close to January 1, 1997 as possible, or the development
17 must wait until standards are available. Mr. Scheye will address the
18 question of how the costs of the interfaces should be recovered.

19
20 Q. Does the FCC require standardized interfaces?

21
22 A. No, industry standard interfaces are not required by the FCC. This no
23 doubt reflects the FCC's recognition that there are no standards for
24 some of the functions they require. The FCC does indicate, at
25 paragraph 527 of the FCC Order, that nationally standardized

1 gateways represent the ideal, but also, at paragraph 514, recognizes
2 that industry consensus on standards may take twelve months to
3 achieve. The FCC nonetheless ordered a January 1, 1997
4 implementation date, which further indicates that the industry standard
5 is the ideal, but not, as Sprint suggests, a requirement.

6
7 Q. Is there an industry standard for a pre-ordering interface?

8
9 A. No. There is no such standard, and in fact, Ordering and Billing Forum
10 ("OBF") just began discussion of this topic on October 21, 1996.
11 Therefore, BellSouth has had to begin developing its pre-ordering
12 interface without the benefit of such a standard.

13
14 Q. Is there an industry standard for an ordering and provisioning
15 interface?

16
17 A. Yes. There are two industry standards, depending on the type of
18 service, and BellSouth is complying with both. The first is the Access
19 Service Request (ASR) process, which supports the exchange of
20 ordering and provisioning information for interconnection trunking and
21 many unbundled elements. BellSouth currently is processing local
22 interconnection orders with this interface. The second is the Electronic
23 Data Interchange (EDI) interface, which OBF recommends for resale
24 orders and some unbundled elements. Immediately upon OBF's
25 recommendation of this standard in April, 1996, BellSouth began full-

1 time development of this ordering interface, which will be available in
2 advance of the FCC's January 1, 1997 date. Page 74 of Mr. Key's
3 testimony states that Sprint supports BellSouth's development of the
4 EDI interface.

5
6 Q. Is there an industry standard for electronic trouble reporting?

7
8 A. Yes, for some aspects. There is a standard for the trouble reporting
9 function itself, and BellSouth's existing trouble reporting interface
10 complies with that standard. However, there is no standard for the
11 interactive testing functionality that BellSouth is developing in response
12 to the Georgia Public Service Commission's July 11, 1996 order in
13 Docket No. 8352-U, and that will be provided by April 1, 1997.

14
15 Q. Is there an industry standard for the daily transfer of billable usage
16 detail?

17
18 A. Yes. BellSouth has had this arrangement available since March, 1996.
19 This interface utilizes the existing industry standard, known as
20 Exchange Message Record (EMR) format, which is consistent with
21 Sprint's requests.

22
23 Q. Does BellSouth support interfaces based on industry standards?

24

25

1 A. Yes. That has been BellSouth's position all along. For example, in
2 connection with similar issues in the Georgia Public Service
3 Commission Docket No. 6352-U earlier this year, BellSouth's Mr.
4 Scheye filed direct testimony indicating BellSouth's belief that interface
5 solutions "are best managed through existing industry channels such
6 as the national Ordering and Billing Forum (OBF) . . . ", and further, that
7 it "would be imprudent for BST to work autonomously toward the
8 development of a highly complex and potentially very expensive . . .
9 interface. . ." (at pp. 17-18). Nonetheless, the FCC order requires
10 BellSouth to develop interfaces even for those functions for which there
11 are no industry standards, and BellSouth is working aggressively to
12 comply with those orders. Therefore, for some functions, it is
13 impossible for BellSouth to accommodate Sprint's insistence on
14 industry standard interfaces while still complying with the timeline
15 established by the FCC, and requested by Sprint.

16
17 Customer Service Records

18
19 Q. Sprint's Mr. Key indicates that Sprint is seeking on-line access to the
20 customer service records in BellSouth's database. What is BellSouth's
21 position?

22
23 A. BellSouth is attempting to balance the customer's need for privacy with
24 the customer's need for convenience. Therefore, BellSouth is not
25 opposed to providing the customer service record to Sprint; BellSouth's

1 only objection is to providing direct, on-line access to those records.
2 This is because all of BellSouth's customer records, as well as
3 resellers' records, are contained in the same database. Therefore,
4 without knowing in advance which customer's record Sprint would want
5 to view -- and more importantly, which customer had given his or her
6 consent -- there would be no way to restrict Sprint to viewing just that
7 customer's account. If on-line access were given to any customer's
8 record, then Sprint would be free to look at all customers' records,
9 which would jeopardize the privacy of customers' data.

10

11 Q. What are BellSouth's reasons for not providing this information to an
12 ALEC prior to their issuing an order to switch the customer?

13

14 A. First, the current customer service record contains proprietary
15 information on BellSouth's or other ALECs' relationships with end user
16 customers. Sprint is free to initiate its marketing effort by simply asking
17 those customers which services they wish to receive, or which services
18 they already purchase. However, just as BellSouth has taken steps to
19 restrict the ALECs' records from BellSouth's end user marketing
20 centers, it is appropriate to protect the customer records of one
21 company from other companies. Providing Sprint or any other ALEC
22 with direct access to the current service records of any customer the
23 ALEC chooses to target would not be appropriate.

24

25

1 It would not be reasonable to require BellSouth to provide such
2 information on a pre-sale basis for either its customers or any other
3 ALEC's customers. Providing electronic access to this information
4 would allow Sprint or any ALEC to browse BellSouth's databases for
5 marketing purposes.
6

7 Moreover, Florida Statute 384.24 (2) specifically states that:
8

9 Any officer or person in the employ of any
10 telecommunications company shall not intentionally
11 disclose customer account records except as
12 authorized by the customer or as necessary for billing
13 purposes, or required by subpoena, court order, other
14 process of court, or as otherwise allowed by law. Any
15 person who violates any provision of this section
16 commits a misdemeanor of the second degree,
17 punishable as provided in s. 775.082 or s. 775.083.

18 Nothing herein precludes disclosure of customers'
19 names, addresses, or telephone numbers to the extent
20 they are otherwise publicly available.

21 It appears to me that if BellSouth does what Sprint has requested, we
22 would be in violation of this statute and subject to criminal penalties.
23 Nonetheless, as I described earlier, Sprint does have other avenues
24 available for obtaining this information.
25

1 Q. Does the FCC order support BellSouth's position?

2

3 A. Yes. The FCC order, at paragraph 284, concluded that "to the extent
4 new entrants do not need access to all the proprietary information
5 contained within an element in order to provide a telecommunications
6 service, the [FCC] and the states may take action to protect the
7 proprietary information. For example, to provide a telecommunications
8 service, a new entrant might need access to information about a
9 particular customer that is in an incumbent LEC database. The
10 databases to which the new entrant requires access, however, may
11 contain proprietary information about all of the incumbent LECs'
12 customers. In this circumstance, the new entrant should not have
13 access to proprietary information about the incumbent LEC's other
14 customers where it is not necessary to provide service to the new
15 entrant's particular customer. Accordingly, we believe the [FCC] and
16 the states have the authority to protect the confidentiality of proprietary
17 information . . ." BellSouth, therefore, is simply asking this Commission
18 to support BellSouth's efforts to protect customers' proprietary
19 information, and accordingly, has actively pursued other means of
20 ensuring that Sprint and other Alternative Local Exchange Companies
21 ("ALEC"s) can obtain customer service records.

22

23 Q. Has BellSouth, at Sprint's request, agreed to protect Sprint CPNI and
24 the CPNI of Sprint customers?

25

1 A. Yes. BellSouth and Sprint have agreed, as stated on page 2 of Sprint's
2 Term Sheet Matrix ("Exhibit 3"), "to protect one another's CPNI and
3 customer's CPNI. Nor shall this information be used for its own or
4 other marketing purposes. Neither party shall seek release of Sprint or
5 BST CPNI from the customers of the other, as compared to customer
6 CPNI which is subject to customer authorized release."
7

8 Q. What other means are available for an ALEC to obtain customer
9 service information?
10

11 A. First, each customer's monthly bill provides a detailed listing of all the
12 services and features to which each customer subscribes. Therefore,
13 the information Sprint is seeking is available directly from each
14 customer. Second, BellSouth has made arrangements to
15 accommodate customers who are unable to locate their bill. For
16 example, BellSouth will accept three-way calls from the ALEC with the
17 customer, and, with the customer's permission, will read the list of
18 services from its records to the ALEC on the same call, so that the
19 ALEC can conclude its transaction during a single contact with the
20 customer. BellSouth also will fax a printed copy of the customer
21 service record with the customer's permission. In addition, BellSouth
22 has implemented a convenient "switch as is" process, so that the
23 customer can switch without being required to remember each and
24 every service. Meanwhile, BellSouth continues to search for an
25 electronic means of securing the data, but has been unable to find a

1 reliable method as yet. Therefore, BellSouth is asking this Commission
2 to protect customers' privacy by denying Sprint's request for on-line
3 access to existing customer service records.
4

5 Carrier Billing - Daily Usage File
6

7 Q. In its petition, Sprint requests that BellSouth provide an electronic
8 interface available for daily customer usage data transfer. Will
9 BellSouth provide this interface?

10
11 A. Yes. As discussed in my direct testimony, this interface has been
12 available since March, 1996. This option provides detail for billable
13 usage such as directory assistance or toll calls associated with a resold
14 line or a ported telephone number. BellSouth is providing the daily
15 usage file at the call level in the industry-standard Exchange Message
16 Record (EMR) format requested by Sprint.
17

18 Q. On page 18 of Mr. Key's testimony, he states that BellSouth will not
19 provide call attempts for resale and unbundled calls in addition to
20 billable calls on the daily usage file. What is BellSouth's position?
21

22 A. BellSouth does not normally record call attempts since call attempts are
23 not billable in the local exchange and resale environments. For
24 example, BellSouth does not bill for an *attempt* to connect a local
25 measured service call, and thus would not routinely provide such

1 information for an ALEC, nor routinely collect such information for its
2 own use.

3
4 Q. Sprint requests that BellSouth provide the daily usage file via an
5 agreed upon media at no additional charge. Does BellSouth agree to
6 provide this data free of charge?

7
8 A. No. As addressed by Mr. Scheye, BellSouth expects to recover the
9 costs of providing electronic interfaces for ALECs.

10
11 Carrier Billing - Monthly Invoice

12
13 Q. On page 29 of the document entitled Sprint Terms For LEC/ALEC
14 Interconnection and Other Agreements dated September 16, Sprint
15 states that it prefers Carrier Access Billing ("CABS") format for monthly
16 invoices in order to facilitate standard industry auditing practices. Has
17 the industry adopted CABS formatted billing for resold services?

18
19 A. No, not at all. While OBF did address resale billing, the purpose of the
20 OBF resolution was to agree on the minimum set of data elements and
21 bill sections that should appear on a resale bill. The resolution did not
22 specify a billing system, nor a format. Page one of the OBF Billing
23 Committee resolution issue #1215, *Resale Billing*, as brought to closure
24 at OBF #55, is provided as Exhibit GC-5. That exhibit contains the
25 resolution statement, the relevant portion of which reads as follows:

1
2 Attachment 1 provides a minimum set of data elements
3 and bill sections required for resale service and
4 associated features. It should be noted that:

- 5 • The bill should be clearly identified as pertaining to
6 Local Resale Service
7 • Usage should be summarized at the TN level
8 • Jurisdiction should be provided for all chargeable
9 elements

10 An example bill display containing these minimum data
11 elements is included as Attachment 2.

12
13 The "Attachment 2" described in the resolution statement is clearly
14 annotated as follows:

15
16 Note: This exhibit is for illustrative purposes only. Its sole
17 purpose is to emphasize the minimum requirements
18 discussed on attachment 1.

19
20 The meaning of this is clear: OBF did not adopt CABS format for
21 resale bills.

22
23 Q. Did OBF discuss CABS billing for resale bills?
24
25

1 A. Yes, but OBF specifically *rejected* adopting a CABS preference for
2 resale bills, despite the attempts of some companies, including Sprint,
3 to have a preference statement added. This issue was discussed at
4 length at OBF #54 in May, 1996. One of the reasons that OBF decided
5 not to adopt CABS mechanized format for resale bills was that there
6 were many other resellers who were not part of the OBF, and those
7 companies cannot handle receiving any type of mechanized format.
8 Another reason was that most of the large local exchange carriers
9 participating, including BellSouth, must bill local exchange services
10 from their Customer Record Information System (CRIS) billing systems,
11 which cannot produce CABS formatted bills. In the absence of a
12 consensus for CABS mechanized format, therefore, the OBF minutes
13 indicate that a CABS preference statement was not added. This is
14 documented on page 27 of the minutes from OBF #54, which is
15 included with this testimony as Exhibit GC-6.

16
17 Q. Which other incumbent local exchange companies will render CRIS
18 bills for resold services?

19
20 A. A poll taken at OBF #54 indicates that Bell Atlantic, GTE, Southwestern
21 Bell, SNET, Sprint Local, and U S West all will produce CRIS bills for
22 resold services. The results of the OBF poll are summarized on the
23 last page of the minutes from OBF #54; a copy of that poll is included
24 with this testimony as Exhibit GC-7.

25

1 Q. What has BellSouth done to ensure that the CRIS system meets the
2 needs of resellers of BellSouth services?
3

4 A. My direct testimony described how CRIS bills can accommodate
5 resellers. BellSouth is able to offer resellers a CRIS bill which
6 incorporates many of the features that the ALECs receive with a CABS
7 bill for access services. For example, BellSouth offers Customized
8 Large User Bills (CLUB) designed for those customers who have
9 multiple service locations, and a variety of differing services. The
10 CLUB billing arrangement provides ALECs with a single bill from each
11 BellSouth Revenue Accounting Office each month, and that bill
12 includes all charges for each of the ALECs' individual end user
13 accounts. In addition, the CLUB bill provides a sufficient level of detail
14 for ALECs to uniquely identify all charges generated by each of their
15 end users.
16

17 Further, the ALECs can choose from a variety of offerings for the actual
18 media through which the billing data is delivered to them. Enhanced
19 Billing Service options include magnetic tape, Diskette Analyzer Bills,
20 CD ROM, Electronic Data Interchange, as well as the paper bills. The
21 CLUB arrangement allows ALECs to choose among numerous sorting
22 options to customize the presentation of billed data to meet their needs.
23

24 BellSouth also has implemented several changes to the CLUB billing
25 procedures to meet specific needs of ALECs. The single bill from each

1 Revenue Accounting Office offers a single balance due for all the
2 aggregated charges associated with the ALEC end user accounts. The
3 billing is performed on a calendar month basis, and the ALEC can
4 choose the billing period when the bill is rendered.

5
6 Q. What is BellSouth asking this Commission to decide concerning carrier
7 billing?

8
9 A. BellSouth requests that the Commission support CRIS billing and CRIS
10 format for resold local exchange services. The Commission should not
11 impose a CABS billing requirement for resale that already has been
12 rejected by the industry.

13
14 Misdirected Calls

15
16 Q. How should misdirected service calls be handled by BellSouth?

17
18 A. If a service call is incorrectly routed to BellSouth, BellSouth's service
19 and repair representatives have been trained to advise the customer
20 that his or her service is provided by the ALEC, and that the customer
21 should contact his or her service provider with questions or problems.
22 If the customer indicates that he or she does not know how to reach the
23 correct service provider, the BellSouth representative will provide a
24 contact number for the service provider, if a contact number has been
25 provided to BellSouth. The BellSouth representative have been

1 specifically trained to make no attempt to "win" the customer during the
2 handling of a misdirected call. Additionally, BellSouth has available for
3 ALECs' use a single toll free number, to which the ALEC can direct
4 misdirected calls placed by BellSouth's end users.
5

6 ~~Switch Features and Services~~

7

8 Q. Will BellSouth provide access to switch features?

9

10 A. Yes. The source of the switch services and features data provided to
11 ALECs is the same database source which provides the information to
12 BellSouth service representatives. As described in my direct testimony,
13 the currently available pre-ordering arrangements include the
14 capability for ALECs to obtain switch service and feature information
15 and to advise the customer accordingly -- with the customer on the line
16 -- without consulting BellSouth. This arrangement includes the
17 following:

18

19

20

21

22

23

24

25

- Real time access via an electronic interface to information that identifies the serving central office for a particular street address, and that validates the address for service order purposes. This, together with the feature information described in the next bullet, allows a ALEC -- with the customer on the line -- to advise the customer of feature and service availability without consulting BellSouth.

- Access through a data transmission line to a data file containing service and feature availability for each serving central office. Using the data line, the ALEC can access this information at will, or can download this information to its own computer system and access it interactively. Together with the information described in the previous bullet, the ALEC can use this information to advise its customer of feature and service availability -- with its customer on the line -- without consulting BellSouth.

Phase two of the pre-ordering interface, which will be available by April 1, 1997, includes the following capabilities relevant to switch feature information:

- Real-time access to the information that identifies the serving central office for a particular street address, and that validates the address for service order purposes, will continue to be provided. In addition, BellSouth will enhance this interface to provide additional information of interest to the ALEC, such as the availability of facilities at a particular location.
- Real-time access will replace the data transmission line access to information on service and feature availability.

Mechanized Testing

1 Q. Sprint has requested read and write access to BellSouth's maintenance
2 and trouble reporting systems including the following functionality:

- 3 • Trouble reporting/dispatch capability - access must be real time;
- 4 • Repair status/confirmations; maintenance/trouble report systems;
- 5 • Planned/unplanned outage reports; and,
- 6 • Mechanized line testing.

7 Please describe the capabilities of the currently available BellSouth
8 interface.

9
10 A. This interface allows the ALEC to enter a trouble report, obtain the
11 same appointment interval that would be given to a BellSouth end user
12 customer, subsequently add information to the report itself, check for
13 trouble completion, cancel the trouble report if necessary and perform
14 other trouble administration functions. In response to troubles reported
15 via this interface, BellSouth will perform mechanized line testing, if
16 necessary, initiate repair to the service and dispatch a technician if that
17 is the appropriate action to be taken based on trouble type and test
18 results. This electronic interface can be used for monitoring troubles
19 with unbundled loops and trunking as well as unbundled ports. This
20 interface was implemented in 1995 for access services, at the request
21 of interexchange carriers, and is based on national standards
22 developed by the American National Standards Institute (ANSI) T1M1.5
23 Committee. The ANSI standard defines the transfer of maintenance
24 requests, status and close-out information between two
25 telecommunications providers. The similarities between this

1 arrangement and the electronic trouble reporting available for access
2 customers are shown in the figure filed with my direct testimony as
3 Exhibit GC-4.

4
5 Q. Is BellSouth's existing trouble reporting gateway consistent with
6 Sprint's definition of an electronic interface to maintenance and trouble
7 reporting systems?

8
9 A. Yes, with two exceptions. Sprint requests electronic notification of
10 planned or unplanned network outages and the ability to monitor
11 BellSouth's network. These capabilities currently are not provided by
12 the electronic trouble reporting gateway. However, BellSouth has
13 agreed to work with Sprint through the appropriate standards bodies
14 and implementation forums, such as the Electronic Communications
15 Implementation Committee (ECIC), to address additional functionality.

16
17 Q. Please describe the additional capabilities being added to the existing
18 electronic trouble reporting interface.

19
20 A. BellSouth is adding the capability for the ALEC to access the same
21 interactive testing sequence that BellSouth follows to screen trouble
22 reports.

23
24 Fully Automated Ordering

25

1 Q. Mr. Key claims, on page 11 of his direct testimony, that "To the extent
2 that any or all of these functions are manual, the process is inefficient,
3 fraught with human error and in no way enables Sprint to provide
4 quality or timely service to its end users." Does this description apply to
5 BellSouth's interfaces?

6
7 A. No, it does not. As described in my direct testimony, BellSouth has
8 provided or is developing mechanized interfaces for each of the areas
9 required by the FCC: pre-ordering, ordering and provisioning, trouble
10 reporting, and billing. As further described in that testimony, by
11 December 31, 1996, BellSouth will have mechanized the order
12 generation process on BellSouth's side of the EDI interface for several
13 types of orders, including "switch as is", new connects for residence
14 and single line business, and disconnects. In addition, BellSouth is
15 continuing to identify additional order types that will be mechanized.
16 Therefore, BellSouth's interfaces, including the EDI ordering interface,
17 eliminate much of the need for the manual handling described by Mr.
18 Key. Furthermore, even for those orders that do require manual entry,
19 such as orders for complex services, this is no different than the
20 process by which BellSouth's service representatives manually input
21 service orders for BellSouth's customers. For example, orders for
22 complex services typically are negotiated with the customer by a
23 salesperson and entered into the systems at a later time by a service
24 representative, rather than being entered with a customer "on the line."
25 While Exhibit GC-2 from my direct testimony included the mechanized

1 order generation process, that exhibit has been updated to more clearly
2 depict the automated order entry BellSouth is providing. The updated
3 exhibit is filed with this testimony as Exhibit GC-8.
4

5 Q. Please summarize your testimony.
6

7 A. There are no industry standards available for some of the functions for
8 which BellSouth is providing electronic interfaces, and that are required
9 by the FCC. Sprint's simultaneous requests -- for industry standard
10 interfaces and for interfaces available by January 1, 1997 -- are
11 mutually exclusive for those functions. BellSouth's interfaces are
12 consistent with the FCC order, which does not require industry
13 standard interfaces.
14

15 Florida law, as well as the FCC order, supports BellSouth's position
16 that direct, on-line access to customer service records is not
17 appropriate. Finally, the Commission should not impose a CABS billing
18 requirement for resale that already has been rejected by the industry.
19

20 Q. Does this conclude your testimony?
21

22 A. Yes.
23
24
25

BELLSOUTH TELECOMMUNICATIONS, INC.

DIRECT TESTIMONY OF WILLIAM VICTOR ATHERTON, JR.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

DOCKET NO. 961150-TP

OCTOBER 15, 1996

1

2

3

4

5

6

7 Q. PLEASE STATE YOUR NAME, ADDRESS AND POSITION WITH
8 BELLSOUTH TELECOMMUNICATIONS, INC. (HEREINAFTER
9 REFERRED TO AS "BELLSOUTH" OR "THE COMPANY").

10

11 A. My name is William Victor Atherton, Jr. My business address is 3535
12 Colonnade Parkway, Birmingham, AL 35243. I am a Manager in the
13 Infrastructure Planning organization of the Network and Technology
14 Group.

15

16 Q. PLEASE DESCRIBE YOUR CURRENT RESPONSIBILITIES.

17

18 A. I currently have the responsibility of leading the BellSouth Technical
19 Negotiations Team. This team comprises technical experts of various
20 disciplines that design, develop and negotiate the interconnection
21 arrangements with facilities-based Alternative Local Exchange
22 Companies ("ALECs"). The interconnection issues addressed by this
23 team may be grouped into three distinct categories: 1) network
24 interconnection, including all trunking and signaling necessary for
25 intercompany traffic flow; 2) portability of telephone numbers; and, 3)

1 unbundled network elements. Consistent with the Telecommunications
2 Act of 1996 (hereinafter referred to as the "Act"), the Company has
3 been negotiating these issues with Sprint in good faith since their first
4 request in April, 1996.

5

6 Q. PLEASE SUMMARIZE YOUR BACKGROUND AND EXPERIENCE.

7

8 A. I graduated from the University of Louisville with the degree of Bachelor
9 of Applied Science. In addition, I earned the Masters of Electrical
10 Engineering Degree from Speed Scientific Graduate School of the
11 University of Louisville. I am a licensed Professional Engineer in
12 Electrical Engineering, and a member of the Sigma Xi and Eta Kappa
13 Nu Engineering Honor Societies, and a member in the National and
14 Alabama Societies of Professional Engineers.

15

16 I began my career with South Central Bell in 1979 as an engineer in the
17 Electronic Switching Systems Group. In this assignment, I was
18 responsible for engineering the growth and replacement of these
19 systems. In 1984, I joined the Headquarters Staff organization where I
20 studied emerging telecommunications technologies, making specific
21 deployment recommendations to the Company. In 1985, I assumed the
22 position of Project Manager for 800 Database Service. In this role, I
23 was active in Company and industry forums and was responsible for
24 technical analysis, while negotiating the successful implementation of
25 the national system. During 1987, I was appointed Technical Product

1 Manager for Open Network Architecture and Interconnector Switched
2 Access Services. This included involvement in the Federal
3 Telecommunications System (FTS2000) and the National Emergency
4 Telecommunications System (NETS). I assumed my present position
5 in March, 1995.

6
7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8
9 A. The purpose of my testimony is to address the arrangements required
10 for local interconnection of the Company's network with Sprint's
11 network. Specifically, I will describe the physical Points of
12 Interconnection ("POIs") necessary for the routing of local traffic, and
13 the appropriate trunking architecture used to efficiently and accurately
14 accommodate all traffic types that must be interchanged between the
15 companies.

16
17 Q. PLEASE DEFINE POINTS OF INTERCONNECTION.

18
19 A. Points of Interconnection ("POI") are the locations at which the
20 networks of two interconnecting companies are physically linked for the
21 purpose of exchanging traffic. They are the demarcation points that
22 determine where one network starts and the other ends. Direct
23 examples of POIs may be found in today's interconnection
24 arrangements between local exchange carriers and interexchange
25 carriers.

1

2 Q. WHERE SHOULD POI'S BE ESTABLISHED?

3

4 A. POI's can be implemented at any point where it is technically feasible to
5 interconnect networks for the exchange of traffic. Typically, POI's are
6 established at facility hub locations in order to consolidate traffic
7 exchange. Nothing however, precludes multiple POI's from being
8 established at appropriate points within the network as long as the
9 location comports with minimum standards of technical feasibility
10 regarding network reliability and security. Physical interconnection
11 must be at a clear point where each party can maintain service and
12 retain accountability for their own network. Also, these points must not
13 be established in a manner that conflicts with the evolution of the
14 network. In fact, the FCC First Report and Order 96-325 states in
15 paragraph 203 that "Each carrier must be able to retain responsibility
16 for the management, control, and performance of its own network."
17 "Mid-span, or mid-air, meets" compromise this ability to retain control of
18 the Company's network by requiring BellSouth to implement and
19 maintain a vast array of equipment types and configurations in order to
20 interconnect with all new entrants. The consequences of this
21 arrangement would be increased costs and decreased network
22 efficiencies, both of which would have adverse effects on the end user.

23

24 Q. WHAT IS SPRINT PROPOSING WITH REGARD TO POI'S?

25

1 A. Sprint's proposal regarding POI's is not clear. Sprint indicates that it
2 may designate at least one POI on BellSouth's network within a calling
3 area for the purpose of routing local traffic. BellSouth agrees that
4 Sprint must establish *at least* one POI, and certainly may establish
5 additional POIs as necessary to reduce transport requirements to all
6 tandems serving the local area. The FCC First Report and Order
7 defines possible POI locations. It does not define the quantity.

8
9 Q. PLEASE EXPLAIN YOUR ANSWER.

10
11 A. There is a difference between the physical POI and the logical trunk
12 groups that deliver traffic via that POI. One physical POI may
13 interconnect multiple logical trunk groups destined for different
14 termination points. In other words, as long as Sprint places traffic
15 destined for specific BellSouth access tandems on separate, distinct
16 and identifiable trunk groups, they may physically interconnect at one
17 POI. Additional POIs may be established to reduce transport
18 requirements. Sprint is unclear as to whether it will establish uniquely
19 identifiable trunk groups to each access tandem in a local calling area
20 in this required manner.

21
22 Q. WHY SHOULD UNIQUE TRUNK GROUPS BE ESTABLISHED TO
23 EACH ACCESS TANDEM WITHIN THE LOCAL CALLING AREA?
24
25

1 A. Due to traffic volume, many LATAs within the BellSouth network are
2 served by more than one access tandem. As defined in the Local
3 Exchange Routing Guide, each access tandem serves a separate and
4 distinct group of local switching offices. Access to a particular local
5 switching office should only be gained through its serving access
6 tandem. If all traffic were to be delivered to a single access tandem in
7 a LATA where multiple access tandems exist, local calls would traverse
8 up to four switches (two end offices and two access tandems) in order
9 to reach the terminating end user customer. This scenario introduces
10 dialing delays and additional possible points of failure or congestion.
11 Using the same logic that defined equal access in the interexchange
12 environment, it was determined that network reliability and customer
13 service would suffer if this arrangement were to be implemented.
14 Unique trunk groups to each access tandem would provide the best
15 level of service to the customers of each interconnecting company.

16
17 Q. PLEASE DESCRIBE HOW BELL SOUTH WILL INTERCONNECT
18 TRUNKS WITH FACILITIES-BASED ALECS.

19
20 A. BellSouth has designed an interconnection architecture that
21 accommodates local, intraLATA, access, operator services and E911
22 traffic utilizing both one-way and two-way trunking as necessary for
23 appropriate detailed recording and administration. In the Company's
24 arrangement, BellSouth local and intraLATA traffic types are routed
25 over the same one-way trunk group. Similarly, the ALEC local and

1 intraLATA traffic is routed over a single one-way group. Access traffic,
2 as well as all other traffic utilizing the BellSouth intermediary tandem
3 switching function, is routed via a single two-way trunk group. This
4 arrangement is depicted by the generic BellSouth architecture in
5 Attachment WVA-1.

6
7 Q. WHY DOES BELLSOUTH REQUIRE ONE-WAY TRUNKING FOR
8 LOCAL AND INTRALATA TRAFFIC?

9
10 A. BellSouth requires one-way trunking for local and intraLATA traffic in
11 order to: 1) properly measure and record the specific traffic types, and
12 2) administer the trunk groups in a clean, non-controversial and
13 economic manner.

14
15 Q. PLEASE EXPLAIN YOUR ANSWER.

16
17 A. The one-way trunk groups established for the mutual exchange of local
18 and intraLATA traffic are required to distinctly and accurately measure
19 and record the originating and terminating usage. There are two
20 unique trunk types used in the one-way trunking arrangement. Intertoll
21 ("IT") trunks are used for traffic originating in BellSouth's network and
22 terminating to the ALEC network. This trunk type allows for a usage
23 recording to be made in the switch where the call originates. Access-
24 to-Carrier ("ATC") trunks are used for traffic originating in the ALEC
25 network and terminating to the BellSouth network. This trunk type

1 allows for a usage recording to be made in the switch where the call
2 terminates. If the IT trunk type were to be configured as a two-way
3 group, usage recording capability would not be possible in the receiving
4 direction. If the ATC trunk type were to be configured as a two-way
5 group, a usage recording could conceivably be made in the originating
6 direction, but it would require that calls originating from the BellSouth
7 network be designated as interexchange access traffic, not local traffic.
8 Clearly, one-way trunking, using appropriate trunk types, results in the
9 most accurate usage measurement recording capability for each
10 interconnecting company.

11
12 In addition to the recording and billing issues associated with two-way
13 trunks, there are cost considerations and potential administrative
14 difficulties. Historically, when contrasted to one-way trunking
15 arrangements, two-way shared arrangements have been much more
16 labor-intensive and costly to maintain. Upward trends in labor cost
17 versus downward trends in trunk hardware costs indicate that this will
18 continue to be the case. In other words, it is less expensive to
19 interconnect with a slightly larger one-way trunk group than to
20 administer a two-way group.

21
22 Q. DOES BELL SOUTH HAVE EXPERIENCE TO SUPPORT ITS
23 POSITION?
24
25

1 A. Yes. At divestiture, BellSouth and AT&T had a shared trunking
2 network. A portion of each trunk group was allocated to AT&T as its
3 share of switched access service. As the traffic volume increased,
4 administration of the trunk groups became difficult. Liability for the
5 increase in traffic could not be determined, so when the trunk groups
6 became incapable of handling additional volume, it was unclear and
7 somewhat controversial as to which company should be responsible for
8 adding trunks to the group. Controversy and confusion also existed
9 over accountability for the shared trunk groups' mechanized servicing
10 system, engineering procedures, forecasting methods and traffic
11 routing. All of this contributed to increased costs and decreased
12 service reliability.

13
14 Q. HOW WAS THE SITUATION RESOLVED?

15
16 A. Over time, this situation was resolved by disaggregating trunks into
17 their distinct elements and eliminating the shared arrangement.
18 BellSouth does not want to enter into the same situation as was
19 experienced with AT&T at divestiture. The shared two-way local
20 interconnection architecture would result in similar billing disputes, call
21 blocking and other administrative problems, adversely affecting the
22 network and ultimately the subscriber. Experience and empirical data
23 have shown that separately provisioned facilities and one-way trunks
24 result in clear accountability for forecasting, failure resolution and
25 capacity additions.

1

2

3

4

5 Q. SHOULD ALL TRAFFIC TYPES BE COMBINED ON A SINGLE
6 TRUNK GROUP?

7

8 A. No. The requirement to uniquely identify, and thus properly record,
9 different traffic types makes it necessary to utilize separate trunk
10 groups for local and access. Using separate trunk groups for the
11 diverse traffic types, BellSouth and Sprint both possess the technical
12 capability to make precise recordings resulting in accurate
13 intercompany billing. It makes no sense to implement an arrangement
14 where arbitrary, percentage use estimates are employed. BellSouth
15 believes that accurate recording is technically feasible via separate
16 trunk groups and therefore this arrangement should be a requirement of
17 interconnection.

18

19 Q. PLEASE SUMMARIZE BELL SOUTH'S POSITION ON
20 INTERCONNECTION ARRANGEMENTS.

21

22 A. BellSouth believes that parties should be free to work together and
23 establish a variety of arrangements. Such arrangements should not be
24 mandated.

25

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

340

2

3 A. Yes.

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

1 COMMISSIONER KIESLING: All right. And I do
2 understand that there was an agreement among the
3 parties to change one of the issues?

4 MS. WHITE: Yes. I think it was Issue 18
5 and 21 were the two issues that were reworded, and I
6 believe that -- I know that BellSouth sent the Staff
7 our new position on those two issues, and I believe
8 Sprint did, too.

9 COMMISSIONER KIESLING: All right.
10 Ms. Barone, was that rewording incorporated into the
11 prehearing order before I signed it?

12 MS. BARONE: Yes, ma'am.

13 COMMISSIONER KIESLING: And everyone's
14 positions are there?

15 MS. BARONE: Yes, ma'am.

16 COMMISSIONER KIESLING: All right. Is there
17 anything further on the witnesses, exhibits, anything
18 of that nature? (No response.) If not, then I
19 understand we will just be briefing, and do we already
20 have the schedule set?

21 MS. BARONE: Yes, ma'am.

22 COMMISSIONER KIESLING: Okay. Is there any
23 need to go over that? Everybody is clear on what the
24 briefing schedule is?

25 MS. WHITE: Just so we can have it on the

1 record.

2 COMMISSIONER KIESLING: Okay.

3 MS. WHITE: Staff issued -- had two
4 additional issues, 28 and 29?

5 MS. BARONE: Yes, ma'am.

6 MS. WHITE: To be briefed.

7 MS. BARONE: Yes, ma'am, and the parties
8 have agreed to those two additional procedural issues.
9 That was discussed with both parties, and those are
10 Issues 28 and 29.

11 COMMISSIONER KIESLING: Okay.

12 MS. BARONE: Briefs are due -- December
13 27th.

14 COMMISSIONER KIESLING: And those are the
15 same two that we've taken up in other cases?

16 MS. BARONE: Yes, ma'am.

17 COMMISSIONER KIESLING: So we pretty well
18 know what we're going to do with those unless the
19 parties can convince you otherwise.

20 MS. BARONE: If the parties wanted to, they
21 could stipulate to those right now.

22 COMMISSIONER KIESLING: Well, is there a
23 stipulation on Issues 28 and 29?

24 MS. WHITE: I have to say no, just because I
25 was a little confused and my cold made me a little out

1 of it yesterday, so I'm really not quite sure what the
2 Commission did on those two. So I'd have to say no
3 right now, but maybe by the time the brief is due I'll
4 have a better handle.

5 COMMISSIONER KIESLING: Well, I can
6 sympathize with your cold. I hope I didn't give it to
7 you. All right, is there anything further? Do we
8 need to clarify the briefing schedule?

9 MS. BARONE: I would like to check the
10 briefing schedule. I thought that we changed that.
11 Hold on just a moment if we could. (Pause.) Yes, in
12 Docket 961150-TP briefs are due December 16th. That
13 was changed by Order PSC-96-1327-PCO-TP issued October
14 31st, 1996.

15 COMMISSIONER KIESLING: All right.
16 Everybody is clear then; December 16th. All right.
17 If there's nothing further, the hearing is adjourned.

18 (Thereupon, the hearing concluded at
19 10:00 a.m.)

20 - - - - -

21

22

23

24

25

1 STATE OF FLORIDA)
2 COUNTY OF LEON)

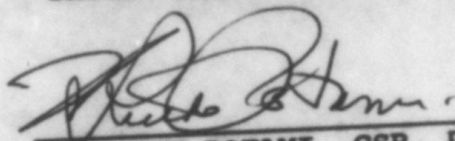
CERTIFICATE OF REPORTER

3 I, H. RUTHE POTAMI, CSR, RPR Official
4 Commission Reporter,

5 DO HEREBY CERTIFY that the Hearing in Docket
6 No. 961150-TP was heard by the Florida Public Service
7 Commission at the time and place herein stated; it is
8 further

9 CERTIFIED that I stenographically reported
10 the said proceedings; that the same has been
11 transcribed under my direct supervision; and that this
12 transcript, consisting of 343 pages, Volume 1 and 2,
13 inclusive, constitutes a true transcription of my
14 notes of said proceedings and the insertion of the
15 prescribed prefiled testimony of the witnesses.

16 DATED this 4th day of December, 1996.

17 

18 H. RUTHE POTAMI, CSR, RPR
19 Official Commission Reporter
20 (904) 413-6734
21
22
23
24
25