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(entire DN) NR 2.7.04

BEFORE THE PUBLIC SERVICE COMMISSION

REBUTTAL TESTIMONY

OF

ALFRED BUSBEE

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Q. Please state your name, business address and employment position.

A. My name is Alfred W. Busbee. My business address is One Allied Drive, Little Rock, Arkansas 72202. I am employed by ALLTEL Communications, Inc., a wholly owned subsidiary of ALLTEL Corporation, as Staff Manager, Wholesale Services. ALLTEL Corporation is also the parent of ALLTEL Florida, Inc. I am submitting this testimony on behalf of ALLTEL Florida, Inc. ("ALLTEL" or the "Company").

Q. Are you the same Alfred Busbee that submitted direct testimony in this case on behalf of ALLTEL.

A. Yes.

Q. What is the purpose of your rebuttal testimony?

A. The purpose of this testimony is to rebut, on behalf of ALLTEL, certain aspects of the direct testimony proffered by Lee. L. Selwyn on behalf of Global NAPs, Inc. ("GNAPs").

Q. Do you have any comments regarding the scope of Mr. Selwyn's direct testimony?

A. Yes. Mr. Selwyn devoted the last eight and a half pages of his testimony (Selwyn Direct, pp. 69 through 77) along with an attached 77 page exhibit thereto (LLS-4) regarding an issue that was not even raised by either party; i.e., the appropriateness of

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DOCUMENT NUMBER-DATE
12296 NOV-88
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1 inappropriateness of using the “bill and keep” compensation methodology for
2 exchanging “local” traffic. (See, Selwyn Direct, p. 73, lns. 1 - 6). The Commission
3 should totally disregard these eight and a half pages of superfluous and irrelevant
4 testimony, as well as Mr. Selwyn’s equally irrelevant 77 page exhibit (LLS-4).
5 Section 252(b)(4)(A) of the Telecommunications Act of 1996 (the “Act”) expressly
6 states:

7 The State commission shall limit its consideration of any petition [for
8 arbitration] under [§252(b)] paragraph (1) (and any response thereto) to
9 the issues set forth in the petition and in the response, if any, filed under
10 [§252(b) paragraph (3)]. [Emphasis added.]

11 During the parties’ negotiations regarding compensation for the exchange of local
12 traffic, GNAPs and ALLTEL expressly agreed to use “bill and keep.” Moreover, both
13 parties attached the exact same proposed contract language regarding the use of “bill
14 and keep” for local traffic in their filings with the Commission.. (See, Exhibit 1 to
15 ALLTEL’s Response and Exhibit B to GNAP’s Petition, Attachment 12, Section 3.2.)
16 Thus, neither party has raised an arbitrable issue with respect thereto and, under
17 §252(b)(4)(A) of the Act, the Commission should not consider any such unraised issue
18 or any irrelevant testimony or exhibits related thereto.

19
20 GNAPs’ original petition for arbitration, together with ALLTEL’s filed response, did
21 identify six Issues which were still open at the end of the parties’ negotiations. The
22 Commission’s staff then worked with the parties to develop common wording under
23 which these six Issues would be submitted to the Commission in this arbitration.
24 Mr. Selwyn’s direct testimony, however, only deals with four of the six Issues; i.e.,
25 Issue 1 (Single IP/POI per LATA), Issue 2 (Responsibility for Transport Costs to the

1 IP/POI), Issue 3 (Definition of Local Calling Area for Recip Comp Purposes) and
2 Issue 4 (Availability of Virtual NXXs). Mr. Selwyn proffered no direct testimony
3 whatsoever regarding Issue 5 (Additional Contract Language regarding any Change in
4 Law as to ISP Bound Traffic) and Issue 6 (Additional Contract Language regarding
5 Seeking "Litigation Costs" and "Penalties"). Since Mr. Selwyn and GNAPs have
6 offered no evidence whatsoever regarding Issues 5 and 6, the Commission should
7 decide both these Issues in accord with ALLTEL's position as set forth in my direct
8 testimony; i.e., Busbee Direct, p. 28, ln. 5 - p. 29, ln. 11 regarding Issue 5 and Busbee
9 Direct, p. 29, ln. 13 - p. 30, ln. 9 regarding Issue 6.

10
11 **Q. Do you have any response to Mr. Selwyn's direct testimony regarding ALLTEL's**
12 **status as a "rural telephone company" under §251(f)(1) of the Act and**
13 **ALLTEL's status as a rural carrier with "fewer than 2 percent" of the nations**
14 **subscriber lines under §251(f)(2) of the Act? (Selwyn Direct, pp. 9 - 13).**

15 **A. Yes. First, Mr. Selwyn provided no testimony or other evidence whatsoever which**
16 **challenges or refutes my testimony that ALLTEL is a "rural telephone company"**
17 **within the meaning of §251(f)(1) of the Act. ALLTEL meets the statutory definition**
18 **of a rural telephone company under 47 U.S.C. §153(37) in that such ILEC "has less**
19 **than 15% of its access lines in communities of more than 50,000 on the date of**
20 **enactment of the Act." In fact, none of ALLTEL's access lines serve communities of**
21 **more than 50,000 in Florida. As such, ALLTEL is exempt from having to comply**
22 **with certain interconnection obligations which otherwise may be applicable to ILECs**
23 **that are not rural telephone companies with respect to Issues 1 - 4, until and unless**
24 **GNAPs submits competent evidence to the Commission proving that GNAPs' requests**
25 **with respect to Issues 1 - 4 satisfy the three prerequisites of §251(f)(1) of the Act.**

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1 Similarly, Mr. Selwyn provided no testimony or other evidence whatsoever which
2 challenges or refutes my testimony that ALLTEL meets the separate definition of a
3 "fewer than 2 percent" rural carrier under §251(f)(2). ALLTEL Florida, Inc. is a
4 wholly owned subsidiary of ALLTEL Corporation. The total number of access lines
5 served by all of ALLTEL Corporation's local exchange subsidiaries nationwide,
6 including ALLTEL Florida, Inc, is 2,929,567. ALLTEL local exchange carriers have,
7 in the aggregate nationwide, 1.51% of the total access lines for the 50 states and the
8 District of Columbia (which is approximately 194 million). Since the total number of
9 subscriber lines served by all of ALLTEL Corporation's local exchange subsidiaries,
10 including ALLTEL Florida, is fewer than 2 percent of the Nations subscriber lines
11 installed in the aggregate nationwide, ALLTEL meets the definition of a "fewer than 2
12 percent" rural carrier under 47 U.S.C. § 251(f)(2) ("a Less Than 2% Rural Carrier").
13 As a Less Than 2% Rural Carrier, ALLTEL is entitled to seek the protection of
14 §251(f)(2) when a telecommunications carrier, such as GNAPs, requests
15 interconnection, services or network elements under the circumstances of this
16 proceeding.

17
18 Second, Mr. Selwyn's view of the underlying policy which led Congress to adopt the
19 Telecommunications Act of 1996 -- the encouragement of local competition -- is
20 misleadingly one dimensional. The Act, on the other hand, is actually based upon at
21 least two equally important policies -- (1) the encouragement of local competition and
22 (2) that such local competition not be unbridled competition when smaller, rural areas
23 and universal service are threatened. Mr. Selwyn's testimony singularly stresses the
24 "pro-competition" aspect of the Act and he suggests that ALLTEL is simply trying to
25 impede GNAPs' legitimate, statutorily-sanctioned competitive entry into ALLTEL's

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1 service territory. Mr. Selwyn, however, ignores the fact that Congress put §251(f) in
2 the Act in recognition of Congress' continuing commitment to universal service,
3 especially in the nation's rural areas.

4
5 Thus, Congress provided "rural telephone company" ILECs, such as ALLTEL, an
6 existing automatic exemption under §251(f)(1) of the Act from having to comply with
7 several of the more onerous interconnection requirements of the Act, until and unless
8 the state commission determines that undue economic harm would not result. For the
9 same reason, Congress also provided rural carriers, such as ALLTEL, which have
10 "fewer than 2 percent" of the nations subscriber lines a separate and additional right,
11 under §251(f)(2), to petition for protection from such onerous requirements.

12
13 Third, Mr. Selwyn's testimony often mistakenly lumps these two rural protective
14 statuses together or uses them interchangeably in inapposite contexts. He fails to
15 distinguish that there are two, separate statutory protective rights with respect to rural
16 status, each providing separate statutory definitions and requirements.

17
18 Fourth, he also often misstates the actual requirements related to one or both of these
19 protective statuses. For example, Mr. Selwyn states, "...it is my understanding that
20 ALLTEL has the burden of proof to show this Commission why its request for
21 exemption as a rural carrier should be granted." (Selwyn Direct, p. 13, Ins. 1 - 3).
22 Contrary to this assertion by Mr. Selwyn, ALLTEL has not and is not required to
23 "request" an "exemption" as a "rural carrier." Under §251(f)(1) ALLTEL already has
24 an existing "exemption" as a "rural telephone company." Under such circumstances,
25 as will be explained in greater detail in ALLTEL's post-hearing brief, it is GNAPs, not

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1 ALLTEL, that has the “burden of proof” and GNAPs, not ALLTEL, that has the legal
2 obligation of coming forth with specific, quantifiable evidence on the record proving
3 that GNAPs’ interconnection requests related to Issues 1 - 4, will not cause ALLTEL
4 undue economic harm and will be consistent with certain universal service
5 requirements.

6
7 In Iowa Utilities Board v. FCC, 219 F.3d 744, (8th Cir. 2000) the Court expressly
8 stated, “The plain meaning of the statute [§251(f)(1)] requires the party making the
9 [bona fide] request [for interconnection] to prove that the request meets the three
10 prerequisites to justify the termination of the otherwise continuing rural exemption.”
11 [Emphasis added.] The three prerequisites are: that the request is technically feasible,
12 is not unduly economically burdensome and is consistent with certain universal service
13 requirements. GNAPs direct testimony did not provide any specific, quantifiable
14 evidence as to any of these prerequisites, as I will show in greater detail below on an
15 Issue by Issue basis, and GNAPs has not carried its burden of proof with respect to
16 terminating ALLTEL’s existing rural exemption.

17
18 **Q. Do you have any response to Mr. Selwyn’s direct testimony regarding Issue 1**
19 **(Interconnection Point(s) Outside ALLTEL’s Network)?**

20 **A. Yes.** Issue 1 (Interconnection Point(s) Outside ALLTEL’s Network), which
21 Mr. Selwyn discussed in connection with Issue 2 (Single LATA Interconnection Point
22 and Transport Cost Responsibility), are interrelated Issues dealing with the number
23 and location of the point or points of interconnection at which the parties’ separate
24 local networks will be required to interconnect. These are sometimes referred to as
25 “IP(s)” or “POI(s)” by the parties. As I stated in my direct testimony, it was GNAPs’

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1 position during the negotiations and in its Petition for Arbitration that the GNAPs
2 proposed revisions to paragraphs 2.1.1 and 2.1.2, Attachment 4, Network Architecture,
3 could require ALLTEL to establish the IP, outside of ALLTEL's network, for example
4 at a BellSouth LATA tandem.

5
6 It now appears from Mr. Selwyn's testimony, however, that GNAPs has changed its
7 position, indicating that the IP should be within ALLTEL's network and local service
8 territory. Mr. Selwyn testified, "Counsel has advised me that contrary to [ALLTEL's]
9 notion, it is Global NAP's intention to establish a POI *within ALLTEL's network* in
10 each LATA in which Global NAPs will provide service." (Selwyn Direct, p. 21, lns. 1
11 - 3). He also testified, "Section 251(c)(2) *obligates* ILECs to interconnect with
12 ALECs *at any technically feasible point on the ILEC's network....*" (Selwyn Direct,
13 p. 26, lns. 12 - 14) [Emphasis added].

14
15 Significantly, Mr. Selwyn's testimony did not offer or agree to change any of GNAPs
16 proposed contract language on this issue which, if approved by the Commission in its
17 current form, would still permit GNAPs to force ALLTEL to interconnect at a location
18 outside ALLTEL's local network. (See, GNAPs proposed revisions to paragraphs
19 2.1.1 and 2.1.2, Attachment 4, Network Architecture, Exhibit B to GNAPs Petition).
20 Therefore, while the two quoted statements by Mr. Selwyn appear to constitute a
21 change in GNAPs negotiating and arbitration position regarding locating IPs within
22 ALLTEL's network, they may merely be GNAPs' current statements as to its non-
23 binding "intention" or "opinion," rather than a statement as to a legal and binding
24 commitment requiring GNAPs to interconnect "within ALLTEL's network" during
25 the entire term of the proposed interconnection agreement.

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1 If GNAPs is sincere in its apparent change in position on this issue, it should have
2 unequivocally stated that it is and will be legally and contractually bound to locating
3 any IP(s) within ALLTEL's local network during the term of the agreement. However,
4 it fails or refuses to so state. In any case, as a result of Mr. Selwyn's testimony and
5 the ALLTEL evidence presented on this issue, the Commission should determine that
6 the issue is moot, order the proposed contract language conformed to the testimony
7 and grant ALLTEL's position with respect to Issue 1 in accord with my direct and
8 testimony and with ALLTEL's proposed contract language (paragraphs 2.1.1 and
9 2.1.2, Attachment 4, Network Architecture, Exhibit 1 to ALLTEL's Response).

10
11 ALLTEL's position regarding Issue 1 is consistent with federal law (see, 47 C.F.R.
12 § 51.305(a)(2) which states that the point of interconnection must be "within the
13 incumbent LEC's network") and Florida law, (see, FPSC Order number PSC-02-1248-
14 FOF-TP, issued September 10, 2002 (*Pending Order*) at page 25 which states, "An
15 incumbent LEC shall provide . . . interconnection . . . [a]t any technically feasible
16 point within the incumbent's network." [Emphasis added.]

17
18 **Q. Do you have any response to Mr. Selwyn's direct testimony regarding Issue 2**
19 **(Single LATA Interconnection Point and Transport Cost Responsibility)?**

20 **A.** Yes. Even though GNAPs appears to have conceded Issue 1, GNAPS continues to
21 maintain, with respect to Issue 2, that GNAPs may unilaterally establish, a single IP
22 within a single ALLTEL local exchange area network within each LATA and
23 ALLTEL must transport all originating traffic bound for GNAPs local networks from
24 all of ALLTEL's other separate local exchange networks within that LATA.
25 Furthermore, GNAPs argues that ALLTEL must do so even if those separate local

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1 exchange networks are noncontiguous to and do not subtend the ALLTEL-owned
2 tandem switch serving that original single ALLTEL local exchange area network.
3 (Selwyn Direct, p. 31, lns. 1 - 13.) This would require ALLTEL to construct or lease
4 additional transport facilities between the so-called single LATA IP and all
5 noncontiguous ALLTEL exchange areas within the LATA. (By "noncontiguous"
6 local exchange areas, I mean those separate ALLTEL local exchange areas within the
7 LATA which are not already subtended to the same ALLTEL-owned tandem switch at
8 which GNAPs has established the single LATA IP). Mr. Selwyn demonstrated either
9 a lack of understanding or total disregard for how rural carriers' networks, and
10 particularly ALLTEL's, are configured and operate. In fact ALLTEL has seven
11 separate, noncontiguous local exchange areas in the two LATAs in Florida in which it
12 operates. These seven non-contiguous islands of ALLTEL service territory are
13 generally known as: (1) Callahan/Hillard, (2) Florahome/Interlachen, (3) Crescent
14 City, (4) Hastings, (5) Waldo/Melrose, (6) Citra/McIntosh/Orange Springs, and
15 (7) Live Oak.

16
17 As I testified in my direct testimony, ALLTEL's small, rural networks are unlike the
18 ubiquitous, virtually LATA-wide networks owned by the RBOCs, which are the type
19 of networks cited by Mr. Selwyn in support of GNAPs single IP per LATA theory.
20 (Selwyn Direct, pp. 15 - 25) ALLTEL, on the other hand, serves multiple
21 noncontiguous exchange areas within the Jacksonville and Gainesville LATAs. Four
22 of these noncontiguous exchange areas subtend the RBOC tandem in the Jacksonville
23 LATA but do not directly connect to each other or to the other ALLTEL
24 noncontiguous exchange area in that LATA. A fifth noncontiguous exchange area in
25 the Jacksonville LATA subtends an ALLTEL tandem, which is not a LATA-wide

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1 tandem, and does not directly connect with any of the other four noncontiguous
2 exchange areas in that LATA. Two noncontiguous exchange areas in the Gainesville
3 LATA subtend a separate RBOC tandem in that LATA but do not directly connect
4 with each other or to any other noncontiguous ALLTEL exchange area. Thus, each of
5 ALLTEL's seven local exchange areas in Florida is distinct and has no direct
6 connectivity to each other even though they may be within the same LATA with some
7 of the other separate local exchange areas. Given the varying network architectures
8 utilized across ALLTEL's local networks, it is neither technically nor economically
9 feasible to apply a single point of interconnection per LATA standard to this
10 agreement. ALLTEL, as a rural company must be allowed to evaluate and negotiate,
11 subject to Commission oversight as needed, each requested interconnection
12 configuration based on the unique network architecture of the exchange area where
13 GNAPS desires to provide services.

14
15 Mr. Selwyn's testimony, with respect to Issue 2, totally ignores the reality of the size,
16 scope and noncontiguous architecture of ALLTEL's actual rural networks. This is
17 first apparent from Mr. Selwyn's overly generalized comparison of ILEC and ALEC
18 networks. He states, "The differences between ILEC and ALEC network
19 architectures, as well as the substantially smaller scale of ALEC operations [in
20 comparison to ILEC operations] are key sources of cost differences between the two
21 types of carriers." (Selwyn Direct, pp. 22, lns. 4-6.) Over the next four pages of his
22 testimony, however, Mr. Selwyn does not provide a single shred of ALLTEL specific
23 network information or evidence, but instead makes unfounded assumptions and
24 extrapolations, apparently from his experience with RBOC-sized and configured
25 networks. Similarly, on pages 18 and 19, Mr. Selwyn avoids providing any GNAPs

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1 specific network or forecasted usage information but only discusses “typical ALEC”
2 networks. Thus, while he compares ALECs in general with RBOC-sized and
3 configured ILECs in general, he does not compare GNAPs’ actual or planned Florida
4 network and cost data with any actual ALLTEL network and cost data. This failure is
5 fatal to GNAPs’ request to have this Commission terminate ALLTEL’s existing rural
6 exemption under §251(f)(1), since the Act and the Eight Circuit have placed the
7 burden of proof on GNAPs with respect thereto. (Busbee Rebuttal, p. 6, lns. 12 - 21).

8
9 Furthermore, in the few instances in which Mr. Selwyn tries to represent that he is
10 referring to ALLTEL-specific information elsewhere, he is simply wrong. For
11 example, on page 14 through 16 of his testimony, Mr. Selwyn “explains” how
12 ALLTEL can route calls between two of its subscriber loop end users using its
13 “relative mix” of transport and switches in contrast to a “typical” ALEC network.
14 This statement is false. At one point, Mr. Selwyn says, “ILECs such as ALLTEL
15 serve hundreds of thousands of individual subscribers statewide and can thus afford to
16 deploy relatively efficient, large-scale switching systems in close proximity to their
17 customers.” (Selwyn Direct, p. 16, ln. 22 - p. 17, ln. 1, [Emphasis added]). This
18 statement again reflects his total lack of knowledge of the rural ALLTEL network. In
19 fact, ALLTEL does not operate local exchange networks on a “statewide” basis, as
20 ALLTEL only has subscribers in two of Florida’s ten LATAs in seven noncontiguous
21 service areas. Moreover, even Mr. Selwyn admits elsewhere in his testimony, that
22 ALLTEL’s total access line base in both of those LATAs is not “hundreds of
23 thousands” but is only 92,182 (Selwyn Direct, p. 15, ln. 7). The number is actually
24 closer to 98,846 in both LATAs and more importantly, most of the seven
25 noncontiguous service areas have less than 10,725 subscribers per area and several are

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1 less than 3,000.

2
3 Similarly, in “explaining” ALLTEL’s ability to take advantage of its “relatively
4 efficient, large-scale switching systems” to route calls between two of its end user
5 customers located in two separate communities, Mr. Selwyn states at page 15, lines 16
6 - 18, “Where the end offices involved in a particular call are trunked to (subtend)
7 *different* tandem switches, the call is completed via an interoffice trunk between the
8 two tandems.” [Emphasis in the original]. The problem with Mr. Selwyn’s example
9 is that ALLTEL does not, in fact, own more than one tandem in either one of its
10 LATAs and neither is a LATA-wide tandem. Again, Mr. Selwyn not only does not
11 carry GNAPs burden of proof, he actually proves why Congress decided to grant small
12 rural ILECs like ALLTEL a rural exemption in the first place. Rural networks are
13 very different from RBOC networks.

14
15 Next, Mr. Selwyn, while conceding that he is not a lawyer and is not qualified to give
16 legal opinions, provides 11 pages of testimony giving his “non-legal” opinion as to
17 various legal precedents that he claims support GNAPs’ position and rejects
18 ALLTEL’s position with respect to the single IP per LATA issue. (Selwyn Direct, pp.
19 25 -36). While it is ALLTEL’s intent to deal with these legal arguments in detail in its
20 post-hearing brief, I would like to comment on a few of the assertions made by
21 Mr. Selwyn. First, none of the situations cited by Mr. Selwyn are applicable to or
22 address small, rural ILECs. The decisions he refers to only address large RBOC like
23 network configurations. Second, the September 10, 2002, *Pending Order* of this
24 Commission regarding reciprocal compensation cited by Mr. Selwyn (at page 32, line
25 5) (i) currently is subject to several motions for consideration regarding the single IP

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1 per LATA issue, (ii) may thereafter be subject to judicial review and (iii) is, therefore,
2 not a final determination at this time. Third, the FCC's July 17, 2002, Wireline
3 Competition Bureau, ("Bureau") *Memorandum Opinion and Order* involving Verizon
4 and AT&T, inter alia, cited by Mr. Selwyn (at page 33, line 6) has subsequently been
5 considered by the Bureau again, in connection with the FCC's review of the resulting
6 arbitrated interconnection agreements. (*In the Matter of Petition of AT&T*
7 *Communications of Virginia, Inc.*, Memorandum Opinion and Order, CC Docket No.
8 00-251, Released October 8, 2002). Contrary to Mr. Selwyn's and GNAPs' premature
9 view of the Bureau's earlier July 17 order, the October 8, 2002 Order held that, even
10 in the case of a large RBOC network, like Verizon's, if the network configuration in a
11 particular LATA is not supported by a single LATA-wide tandem, but is instead made
12 up of multiple, noncontiguous local exchange networks, each of which subtend
13 separate tandems, then the requesting ALEC could be required to establish multiple
14 IPs in the LATA, one in each of the separate, noncontiguous local exchange areas.
15 Thus, the ALEC involved, in this case AT&T, would be required to establish and pay
16 for trunks to transport the Verizon originated traffic from each of the multiple
17 noncontiguous Verizon local exchange area tandems back to the AT&T switch or
18 switches rather than to a single LATA tandem as proposed by AT&T. It is also
19 important to note that this Commission's September 10, 2002, *Pending Order*, which
20 is currently subject to reconsideration, was originally decided without taking into
21 account the FCC Bureau's October 8, 2002, Order regarding multiple tandem,
22 multiple IP LATAs. Thus, even if ALLTEL did not have a rural exemption under
23 §251(f)(1) and the right to obtain a Less Than 2% rural carrier suspension or
24 modification under §251(f)(2), the Bureau's Virginia decision would still require that
25 GNAPs establish multiple IPs in its Florida LATAs which are not served by a single

1 ALLTEL LATA wide tandem.

2
3 Finally, with respect to Issue 2, Mr. Selwyn makes the preposterous argument that
4 even if ALLTEL were forced to transport all of the GNAPs-bound traffic from all of
5 ALLTEL's noncontiguous local exchange areas in each LATA to a single IP in the
6 LATA, that the incremental cost to ALLTEL would be *de minimis*. (Selwyn Direct,
7 pp. 36 - 43). Mr. Selwyn's calculation in this regard is based upon incorrect,
8 misrepresented, misinterpreted and inapplicable data and fails to take into account
9 actual network costs and other relevant data.

10
11 For example, at one point in his testimony, Mr. Selwyn demonstrates that he assumed
12 there is a tandem switch in ALLTEL's Lake Butler exchange. (Selwyn Direct, p. 37,
13 lns. 21 -22). Again, Mr. Selwyn is incorrect as there is no tandem switch in this
14 exchange.

15
16 The lack of detailed ALLTEL Florida specific analysis in his evaluation is also
17 reflected in the fact that, Mr. Selwyn states that his study is based upon the "flat rate
18 calling area and exchanges" of "ALLTEL Florida Communications Corp." (Selwyn
19 Direct, p. 37, lns. 22 - 24). There is no such ALLTEL company either in Florida or
20 anywhere else. The ALLTEL ILEC involved in this case is ALLTEL Florida, Inc.
21 Therefore, unless this is a typographical error, he has addressed the wrong company.

22
23 In addition, Mr. Selwyn's view that "the average additional transport cost per minute
24 [would be] at \$0.000008129" (Selwyn Direct, p. 39, ln. 15) is based upon his
25 erroneous assumptions, lack of knowledge and incorrectly relies on BellSouth Georgia

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1 data, rather than on ALLTEL's actual network and data, including, but not limited to
2 ALLTEL's actual capacity and usage. Mr. Selwyn's view is therefore unsupported and
3 irrelevant to this proceeding.

4
5 In order to evaluate and respond to GNAPs request for interconnection, ALLTEL
6 requested that GNAPs provide ALLTEL an understanding of GNAPs' planned
7 network and expected traffic volumes. GNAPs, however, failed and refused to
8 provide such information to ALLTEL and therefore denied ALLTEL the opportunity
9 to further affirmatively demonstrate the fallacy of the GNAPs arguments. In this
10 respect, GNAPs failed to fulfill its obligation to negotiate in good faith and has now
11 failed to meet its burden of proof.

12
13 Further, Mr. Selwyn's calculation is deficient as he failed to include any costs for the
14 additional electronic equipment that will be imposed on ALLTEL in the muxing or
15 transporting to GNAPs of the (mostly ISP-bound) traffic. Additionally, he incorrectly
16 assumes for his calculation that a DS3 cable that would be needed to transport traffic
17 to GNAPs outside of ALLTEL's network will be utilized in ALLTEL territory at full
18 capacity, 24 hours a day, seven days a week. This once again demonstrates a
19 disregard or lack of understanding of how such rural networks would operate. GNAPs
20 proposal would call for ALLTEL to obtain transport where it does not have it today
21 and it can not be assumed that such a DS3 would be at full capacity twenty four hours
22 a day, seven days a week. In actual practice it will be far from such and will approach
23 capacity only at certain peak times. The actual transport rate must be developed
24 utilizing reasonable approximations of what will actually occur, not an unreasonable
25 and unrealistic assumed full capacity. Moreover, local usage is billed at a flat rate, so

1 the BellSouth Georgia DS3 cost per minute rate interjected by Mr. Selwyn is
2 meaningless.

3

4 **Q. If GNAPs position on Issue 2 were adopted, would ALLTEL incur significantly**
5 **increased transport costs due to the additional distance that an originated call**
6 **will travel beyond its local exchange area of origin, in order to interconnect with**
7 **the Global NAPS single POI located in a second noncontiguous local exchange**
8 **area within that LATA?**

9 A. Yes it would. As I stated above, Mr. Selwyn is inaccurate and misleading when he
10 testifies “the incremental costs that ALLTEL would incur to extend transport beyond
11 the local calling areas to a single POI in each LATA are *de minimis*....” (page 37).
12 The incremental cost to provide this arrangement would be significant for several
13 reasons. Importantly, the cost that would be incurred would be on a flat rate basis
14 rather than on a per minute basis as represented by Mr. Selwyn. As I have shown
15 elsewhere in this testimony, ALLTEL would need to construct or contract for
16 additional transport facilities to accommodate GNAPs desired single point of
17 interconnection and would not be able to simply utilized spare capacity on existing
18 facilities. While the exact amount of additional cost ALLTEL would incur would
19 require further information from GNAPs, which it has failed and refused to make
20 available, I will utilize some of Mr. Selwyn’s assumed information to demonstrate that
21 the cost is not de minimis.

22

23 Mr. Selwyn calculates the incremental cost for Extended Area Service (EAS) calls
24 within the Jacksonville LATA and focuses on ALLTEL’s Lake Butler exchange as the
25 single POI within the LATA. His first error is assuming that this is where

1 "...ALLTEL has a tandem." This alone renders his costs assumption invalid;
2 however, assuming for the sake of argument that Lake Butler could be utilized as the
3 location of the single point of interconnection, I will use his assumed distance to other
4 exchanges in the same LATA of 26.6 miles and his assumption of a DS3 requirement.
5 I will not use the \$2.72 per mile which he contends is BellSouth Georgia transport
6 cost. The appropriate ALLTEL cost is \$44.82 per fiber mile. ALLTEL's incremental
7 monthly cost for 2 additional strands of fiber for 26.6 miles is therefore \$44.82, is
8 \$2,384.42 per month, or more than \$28,000 per year. This is the additional annual
9 cost that ALLTEL and its rate payers would have to bear just for connecting one of
10 ALLTEL's local exchanges to the others in that LATA. To the extent that other
11 ALECs would make similar requests and would be entitled to similar terms and
12 conditions, ALECs would, under GNAPs demanded interconnection language be able
13 to force ALLTEL to bear this cost again and again regardless of the volume of traffic
14 that these ALECs would actually transport.

15
16 **Q. Do you agree with Mr. Selwyn that the additional costs associated with transport**
17 **beyond ALLTEL's local calling area would include only the cost identified in**
18 **response to the last question?**

19 **A.** Absolutely not. Mr. Selwyn's testimony is again inaccurate and misleading. His
20 testimony says, "Of the various rate elements applicable to DS-3 transport, only the
21 per mile charge would apply, since the monthly fixed charge and the charges
22 associated with Entrance Facilities are required for a dedicated interoffice transport
23 facility whether it is wholly confined within a single ALLTEL local calling area or
24 runs between two different ALLTEL local calling areas." Apparently, Mr. Selwyn
25 believes that ALLTEL has spare DS-3s installed and waiting for an additional 89

1 million minutes per month to be transported over it's network. To fulfill GNAPs
2 request for a single point of interconnection in the LATA, ALLTEL would need to
3 install and maintain additional DS-3 circuits to provide enough transport capacity and
4 particularly to transport the traffic to exchanges and locations to which its exchanges
5 do not normally transport traffic. Therefore, ALLTEL's incremental cost for the fixed
6 charges associated with DS-3 facilities needed to provide Global NAPs a single POI
7 within a LATA is \$573.12 per termination per month. The average additional
8 transport costs of \$0.000008129 for 26.6 miles, as calculated by Mr. Selwyn, is
9 significantly understated. The actual additional costs ALLTEL would incur are \$573
10 per month for each termination or \$12,035 per month (assuming 21 terminations), plus
11 the \$2,384 for fiber cable (calculated in the answer to the previous question).
12 Therefore, the adjusted total incremental costs ALLTEL would incur are in excess of
13 \$13,000 per month. Finally, none of the foregoing takes into account the cost of
14 construction of new facilities, if ALLTEL does not have existing DS-3 facilities to
15 connect the exchanges in question. Those additional construction costs would be
16 incurred at \$25,000 per mile times the number of miles involved in the particular route
17 or routes (all of which GNAPs has thus far refused to disclose to ALLTEL and the
18 Commission).

19
20 **Q. Are the incremental costs for DS-3 facilities the only costs that ALLTEL will**
21 **incur to transport local calls across the entire LATA.**

22 **A.** No. Mr. Selwyn incorrectly assumes ALLTEL has facilities connecting all of its end
23 offices within a LATA. To use Mr. Selwyn's example of a call between Lake Butler
24 and Hillard, the call is routed over 68 miles of ALLTEL fiber cable and approximately

1 50 miles of BellSouth cable. It can be expected that there will be additional charges
2 from Bell to utilize its facilities for transporting GNAPs traffic.

3
4 **Q. Do you have any response to Mr. Selwyn's direct testimony regarding Issue 3**
5 **(Local Calling Area Definition)?**

6 **A.** Yes. While Mr. Selwyn states that one of the purposes of his testimony will be to
7 answer the question, "Whether Global NAPs should be required to adopt the local
8 calling area boundaries currently defined by ALLTEL," (Selwyn Direct, p. 3, lns. 18-
9 19) his actual direct testimony is completely devoid of any facts, opinions or evidence
10 of any kind whatsoever specifically directed at that Issue. Moreover, even that brief,
11 non-evidentiary introductory reference by Mr. Selwyn misstates Issue 3 as it has been
12 reworded by the parties with the assistance of the Commission staff. As I testified in
13 my direct testimony (Busbee Direct, p. 18, lns. 3-10), the actual statement of Issue 3
14 is:

15 **"Issue 3. (a) Should ALLTEL's local calling area boundaries be**
16 **the basis for distinguishing between when reciprocal compensation (i.e.,**
17 **local) versus exchange access compensation (intraLATA switched access)**
18 **apply?**

19 (b) If ALLTEL's local calling area boundaries should
20 not be the basis for distinguishing between when reciprocal compensation
21 (i.e., local) versus exchange access compensation (intraLATA switched
22 access) applies, should ALLTEL be exempt from this requirement
23 pursuant to §251(f)(1) or should this requirement be suspended or
24 modified pursuant to § 251(f)(2)?" [Emphasis added.]

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1 As Issue 3 now stands in this proceeding, ALLTEL has placed significant, probative
2 evidence on the record as to why the answer to Issue 3(a), above, should be, "Yes"
3 (Busbee Direct, pp. 17 - 24). Furthermore, included in ALLTEL's evidence is support
4 for the proposition that even if the rules and regulations applicable to Issue 3 were to
5 be held to uphold GNAPs' position with respect to ILECs which are not "rural"
6 telephone companies or carriers within the meaning of §251(f)(1) and §251(f)(2) of
7 the Act, ALLTEL, nevertheless, should be exempt from and/or should be entitled to a
8 suspension or modification of such rules and regulations to the extent necessary to
9 avoid undue economic harm. At the time I prepared my direct testimony I determined
10 that harm to be the loss of approximately \$700,000 in intrastate access revenue.
11 (Busbee Direct, p. 21, ln. 24). I have subsequently recalculated that amount, based
12 upon more complete and accurate analysis and have determined that exposure to
13 actually be much greater -- approximately \$2,300,000. Moreover, under GNAPs'
14 theory and proposed contract language nothing would prevent GNAPs from declaring
15 its local calling area, for the purposes of determining the compensatory nature of the
16 traffic in question, to be statewide or larger. Such a selection by GNAPs, if
17 implemented in a way to impact all of ALLTEL's intrastate access revenue would
18 increase the exposure to \$12 million, a catastrophic financial impact on ALLTEL, its
19 ratepayers and its ability to meet its universal service goals and obligations. A \$12
20 million loss would produce an average loss to ALLTEL of \$10.20 per access line per
21 month and a negative ROE. Even the loss of \$2.3 million, would result in an average
22 loss to ALLTEL of approximately \$2.08 per access line per month and a single digit
23 ROE. Such losses would clearly constitute undue economic burdens and would
24 adversely impact ALLTEL's ability to meet its commitments to universal service,
25 including, but not limited to bringing advanced communications technologies to its

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1 rural customers as soon as otherwise practicable or maintaining its local rates at
2 current levels.

3
4 As GNAPs has the burden of proving that its request to terminate ALLTEL's rural
5 exemption under §251(f)(1) of the Act meets the statutory requirements thereunder
6 and also that GNAPs has the burden of overcoming ALLTEL's evidence with respect
7 to ALLTEL's petition for a suspension or modification under §251(f)(2),
8 Mr. Selwyn's direct testimony clearly has failed to carry either burden.

9
10 **Q. Do you have any response to Mr. Selwyn's direct testimony regarding Issue 4**
11 **(Use of "Virtual NXX" Codes)?**

12 **A.** Yes. Mr. Selwyn's overall approach to Issue 4 regarding NXX assignment is to raise a
13 diversion by alleging that ALLTEL's position is an anticompetitive attempt to prevent
14 GNAPs from providing competitive services similar to service provided by ALLTEL,
15 specifically Foreign Exchange Service (FX Service). GNAPs' true motivation,
16 however, and the reason for ALLTEL's objection to GNAP's "Virtual NXX"
17 proposal, is to prevent GNAP's wrongful and blatant avoidance of long established
18 industry practices regarding the accurate jurisdictional rating and routing calls.

19
20 Mr. Selwyn's testimony would have one believe that FX Services are highly
21 demanded services to which GNAPs is desirous of providing alternative and
22 competitive choices (Selwyn Direct, p. 55, ln. 1 - 3). In fact, ALLTEL provides very
23 little FX Service in its service areas due to the existence of many extended area calling
24 plans and other viable alternatives. Thus, there are already many competitive
25 alternatives to FX service. In addition to EAS, discounted toll plans and 800 services

1 are also both viable substitutes. In fact, future demand for FX Services is projected to
2 decrease. ALLTEL currently has only [REDACTED] FX Service lines installed of the roughly
3 99,000 access lines in service in Florida.

4 The real issue is GNAPs' attempt to avoid legitimate access charges due ALLTEL for
5 what would normally be an intraLATA toll call. The Commission should not be
6 persuaded by GNAP's attempt to mis-portray ALLTEL's insistence on having
7 contract language that would require GNAP's to properly assign NXX's in a manner
8 that allows ALLTEL to properly bill for the services its renders. As properly noted in
9 Mr. Selwyn's testimony, "An exchange is an administrative definition of a geographic
10 area within which all customers receive identical rating and rate treatment with respect
11 to both outgoing and incoming calls." (Selwyn Direct, p. 45, ln. 12 - 14).
12 Unfortunately, Mr. Selwyn continues to argue for an unnecessary change in well
13 established industry practices fostered by this definition which would lead to
14 confusion and rate arbitrage that is unacceptable.

15
16 Mr. Selwyn attempts to support his position by providing a lengthy and detailed
17 description of alleged technological changes that have occurred in the industry,
18 suggesting that resulting changes in underlying cost structures are the basis for the
19 pricing of intrastate exchange access. General exchange access reform, however, is
20 not at issue in this proceeding and the Commission should disregard Mr. Selwyn's
21 hypothetical discussion of "modern telecommunication networks," their alleged
22 underlying costs and potential impact to exchange access rates and concentrate instead
23 on matters that are at issue. (Selwyn Direct, p. 48 - 51)

24
25 It appears that Mr. Selwyn fails to acknowledge that incumbent LEC pricing of

1 exchange access is based upon a regulatory regime predicated upon implicit and
2 explicit subsidies designed to support universal service obligations. Mr. Selwyn's
3 characterization of the intrastate exchange access service pricing, as "regulatory
4 fiction" demonstrates Mr. Selwyn's lack of understanding or attempt to disregard the
5 requirements and purposes under which ALLTEL present rates were established
6 (Selwyn Direct, p. 48, ln. 24). In a truly competitive market as envisioned by
7 Mr. Selwyn, ALLTEL would be allowed to adjust all of its rates to recover all costs
8 from the end user that causes the costs and could then lower its access revenues. This
9 would necessarily eliminate or at least reduce contributions to local service rates that
10 are provided by intrastate access rates. However, that has not happened and is not
11 likely to happen in the near future as the amount of rate increases to end users would
12 not be acceptable and would not continue the universal availability of telephone
13 service. Mr. Selwyn does not acknowledge that any avoidance of access rates as
14 proposed by GNAPs would be available to other similarly situated carriers. As this is
15 the result, the proposal by GNAPs would be in violation of both state and federal law;
16 however, this will be addressed in ALLTEL's post hearing brief.

17
18 Mr. Selwyn further attempts to cloud the issue with diagrams and discussion of
19 transport cost incurred by establishment of the Parties' Interconnection Point (IP or
20 POI) which is irrelevant to the rating and routing of end user toll and exchange access
21 billing as it relates to NXX assignment.

22
23 The simple fact is that GNAP's has represented in negotiations to ALLTEL, GNAPs
24 plans to provide telecommunication services to Internet Service Providers. By
25 demanding that ALLTEL honor one NXX per LATA in conjunction with GNAPs

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1 equally unreasonable demand that ALLTEL pay to transport GNAP's ISP bound
2 traffic beyond ALLTEL's non-contiguous local serving areas, GNAP's is attempting
3 to impose unduly burdensome transport costs upon ALLTEL and avoid legitimate
4 exchange access rates. The Commission should reject GNAP's veiled attempts to
5 arbitrage ALLTEL's tariffs through the imposition of inappropriate contractual terms
6 and conditions in the interconnection agreement.

7

8 **Q. Does this conclude your direct testimony?**

9 **A. Yes, it does.**