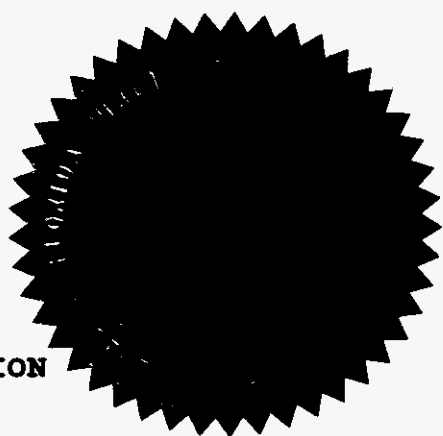


BEFORE THE
FLORIDA PUBLIC SERVICE COMMISSION

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: In the Matter of :
: Resolution of petition(s) : DOCKET NO. 950985-TP
: to establish nondiscrimi- :
: natory rates, terms, and :
: conditions for intercon- :
: nection involving local :
: exchange companies and :
: alternative local exchange :
: companies pursuant to :
: Section 364.162, F.S. :



FIRST DAY - MIDDAY SESSION

VOLUME 2

Pages 185 through 331

PROCEEDINGS: HEARING
BEFORE: CHAIRMAN SUSAN F. CLARK
COMMISSIONER J. TERRY DEASON
COMMISSIONER JULIA L. JOHNSON
COMMISSIONER DIANE K. KIESLING
COMMISSIONER JOE GARCIA
DATE: Wednesday, January 10, 1996
TIME: Commenced at 9:00 a.m.
PLACE: Betty Easley Conference Center
Room 148
4075 Esplanade Way
Tallahassee, Florida
REPORTED BY: JOY KELLY, CSR, RPR
Chief, Bureau of Reporting
SYDNEY C. SILVA, CSR, RPR
Official Commission Reporters

APPEARANCES:
(As heretofore noted.)

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2		294
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P R O C E E D I N G S

(Transcript continued from Volume 1.)

TIMOTHY T. DEVINE

1
2
3
4 resumed the stand as a witness on behalf of
5 Metropolitan Fiber Systems of Florida, Inc.
6 and, having been previously sworn, testified as
7 follows:

CONTINUED CROSS EXAMINATION

8
9 BY MR. LACKEY:

10 Q Now, if I'm correct, your PacTel agreement
11 that you've referred the Commission to, on Page 28 has
12 a Roman Numeral VII, ancillary platform arrangements,
13 and Letter A is E911; is that correct?

14 A Yes.

15 Q And the first paragraph says that Pacific
16 will provide the MFS under the terms of the tariff
17 proposal?

18 A Yes.

19 Q And the second page is simply a set of
20 rates?

21 A Yes.

22 Q And the third one does what?

23 A The third, talks about the electronic
24 interface and updates to subscriber records. That it
25 says that -- it looks as though the updates will be

1 manual until an electronic interface is made
2 available.

3 Q And the fourth one says that Pacific and MFS
4 will work cooperatively to arrange meetings with PSAPs
5 to answer any technical questions, correct?

6 A Yes.

7 Q Now, what I'm curious about is what is in
8 this agreement, these four numbered paragraphs, that
9 isn't in the agreement that has been reached with TCG
10 other than the rates?

11 A I think conceptually it's similar, but if
12 you look on Page 29, when it talks about the rates
13 there, this kind of also implies a lot of technical
14 things that are happening. In terms of what kind of
15 trunks, and it says like minimum two trunks required.
16 It talks about storage selective routing, alley
17 retrieval, manual input of records, air correction. I
18 mean, obviously Pac Bell and MFS did a lot more
19 research on 911 than Teleport and BellSouth did before
20 they signed their agreement. I mean, this
21 definitively lays out the issues in terms of, you
22 know, the trunking and compensation for trunking and
23 such.

24 So it's the same kind of -- we'd want to get
25 to that point with BellSouth as getting down to the

1 trunking and all of these different items that are
2 detailed in the Pac Bell agreement.

3 Q Are all of the items on Paragraph 2 found in
4 the California 911 tariff?

5 A All I'm saying is that this does provide a
6 lot more detail than what was agreed with Teleport. I
7 mean, correct me if I'm wrong, but it really seems to
8 be for me.

9 Q But that's what you offer the Commission, is
10 the detail that they need to look at to decide this
11 issue in this proceeding, correct?

12 A Excuse me?

13 Q That's what you've referred the Commission
14 to for the detail that you want the Commission to
15 address when resolving the E911 issue that we have in
16 this proceeding?

17 A Yes. In terms of -- I wanted the Commission
18 to understand the level of detail where we need to get
19 at so even if the Commission orders that the
20 arrangements will be provided and they will be
21 provided, you know, let's say on some kind of costing
22 methodology, and that they will properly and
23 accurately update and display information on a timely
24 basis to ensure, you know, that the 911 system works
25 as accurately as previously.

1 I think there's a lot of policy direction
2 that the Commission could give us to ensure that
3 there's compliance between all the parties on this
4 issue.

5 Q You don't think that BellSouth doesn't want
6 the E911 system to work, do you?

7 A No. BellSouth, they want it to operate as
8 well as we do.

9 CHAIRMAN CLARK: Mr. Lackey you have to
10 tendency to let your voice drop, and you have got to
11 get close to that microphone and speak clearly.

12 MR. LACKEY: I'm sorry, Madam Chairman. I
13 will do my best.

14 CHAIRMAN CLARK: It's not me, I can hear
15 perfectly; but there are other people who have hearing
16 problems.

17 MR. LACKEY: I will try to speak up. The
18 problem is I speak up and then I get yelled at for
19 being too whatever.

20 CHAIRMAN CLARK: I'll let you know when
21 you're too --

22 MR. LACKEY: I know you will. That's what
23 I'm worried about, being yelled at.

24 Q (By Mr. Lackey) Do you have Mr. Price's
25 testimony with you, Mr. Don Price testifying on behalf

1 of MCI?

2 A I don't have it in front of me. I have it
3 in my document bag. If you'd like to give it to me,
4 that might simplify things.

5 Q Let me just ask you a question: Did you
6 read it?

7 A I read it when it was first filed, but I
8 wouldn't want to represent anything from it unless I
9 had it in front of me.

10 Q Do you recall -- and we can do that, but I
11 think the question is pretty simple: Do you recall
12 that he advocates that the Commission order an
13 appropriate order processing arrangement to order
14 things like number portability and things like that
15 and that he wants it mechanized?

16 A I believe he talked about mechanization, but
17 I'd like to see --

18 MR. FALVEY: I'm going to have to object to
19 the question absent a copy of the testimony in front
20 of him which under normal circumstances, I would
21 provide.

22 MR. LACKEY: I'll be happy to stop while he
23 gets a copy of it. The problem I have is mine is all
24 marked up. I'll tell you what, I bet he can't read my
25 writing. I'll let him see mine. (Hands document to

1 witness.)

2 Actually, I'm going to direct you to Page 7
3 and 8 of that testimony.

4 A I'm on the Page 7, yes.

5 Q (By Mr. Lackey) On Page 7, does Mr. Price
6 talk about the necessity for having a mechanized order
7 processing system for the purpose of ordering things
8 such as number portability, and does he represent that
9 a manual process won't work?

10 A What was the end of that?

11 Q I'm sorry?

12 A You mentioned does he represent that having
13 an automated process, and then you --

14 Q Look at the question on Page 7. Do you see
15 the question that asks about appropriate ordering
16 process?

17 A Yes.

18 Q Okay. Look at the answer to that question
19 and see if it doesn't say that Mr. Price believes that
20 he needs a mechanized ordering system for a number of
21 things, including things like number portability, and
22 doesn't he go on to say that without the mechanized
23 system, that a manual system just isn't practical.
24 See if that's the gist of that answer?

25 A Yes, that's correct.

1 Q Do you agree that a mechanized order
2 processing system is a critical operational matter
3 that has to be resolved?

4 A I would say in terms of -- you mean in terms
5 of the Commission involvement?

6 Q No, no. In terms of providing
7 interconnection and operability of our two networks?

8 A Yes. For some of the things, it should be a
9 mandatory requirement because you're talking about
10 intervals in terms of getting customers installed or
11 rolled over from BellSouth to MFS. Especially if
12 we're using one of your loops, plus interim number
13 portability, you don't want to have a customer out of
14 business for several hours, you want it to go smoothly
15 within, let's say -- within an hour or so.

16 So some of the things, no question, they
17 should definitely be automated from the get go. Other
18 things probably, you know, there could maybe be some
19 flexibility in the interim to get things in place.
20 But in general, we would like things, you know, in a
21 mechanized type environment that would make things a
22 lot more efficient, especially when we're talking
23 about wholesale orders going back and forth, large
24 amount of orders and things.

25 Q So the answer is yes, I agree that that's a

1 necessary operational matter that has to be resolved
2 in order for us to have viable interconnectivity
3 activity, if that's a word?

4 A Yes, to have things go smoothly and
5 efficiently.

6 Q Would you turn over to Page 15 of
7 Mr. Price's testimony. And I'm specifically going to
8 look at Lines 14 and 15.

9 A Line 14 on Page 15?

10 Q Yes.

11 A Okay. I'm there.

12 Q And what I want to ask you is do you
13 understand that he asserts that, in this case MCI
14 Metro's ability to validate calls using alternative
15 billing methods billed to third number and credit card
16 calls is an operational matter that has to be resolved
17 in order to have viable interconnectivity between the
18 companies?

19 A Yes.

20 Q Okay. Now, can you point to me in your
21 testimony where you discuss either of those two
22 operational matters?

23 A Well, in terms of the third party and LIDB,
24 if you look at our proposal in the proposed agreement
25 that we sent BellSouth, if you look in the number

1 portability section, we talk about BellSouth updating
2 the LIDB for third-party type calls and the like.

3 Q My question is can you -- I'm sorry, I
4 didn't mean to cut you off. Are you done?

5 A In our proposed agreement that's attached as
6 exhibits, yes, we do.

7 Q Okay. But it's not identified in your
8 testimony as an issue which this Commission needs to
9 take up and resolve, correct?

10 A I'd have to go back and check. I believe in
11 our statement of issues we talked about operational
12 arrangements being addressed. I know for certain in
13 the unbundling docket and also in the interconnection,
14 so off the top of my head I'd have to go back and mill
15 through my testimony, but I know on the Statement of
16 Issues we identified it. In fact, on one of the -- we
17 had a conference call on -- well, it was a
18 prehearing -- the Statement of Issues conference call
19 with the Staff, I think that came up, too, so
20 everybody is pretty aware that the operational issues
21 are critical, in terms of automated operational
22 issues.

23 Q Let me ask a different question. Can you
24 point to me in your testimony in the 74-odd pages of
25 testimony that you filed where you discussed the

1 necessity of developing a mechanized ordering system
2 as being an operational necessity?

3 A Okay. I'll find it for you.

4 Q Okay. And I'm not trying to trick you. If
5 I knew it was there I'd tell you where it was.

6 A Oh, sure. I know specifically it's in
7 the -- if you look in the attachment.

8 Q All I'm looking for is your testimony. In
9 the 74 pages of your testimony.

10 A Well, I know we reference, as a supporting
11 document, what we need from BellSouth.

12 MR. FALVEY: I would object to that
13 follow-up question. What Mr. Divine is referring to
14 is part of his testimony. It's fully incorporated.

15 MR. LACKEY: Well, perhaps I can't limit it
16 to the 74 pages then. That's fine.

17 Q (By Mr. Lackey) Just show me where it is in
18 either agreement, anyplace. (Pause)

19 A If you look at the exhibits, it's in the
20 first -- I believe it's the first numbered exhibit.
21 It's the September 11th, 1995, proposed stipulation.
22 It says, "Co-carrier Stipulation and Agreement," on
23 the top. And if you go to page -- it starts on
24 Page 24. Actually, it starts on Page 23 with local
25 telephone number portability. But in terms of the

1 LIDB updates and everything, if you look on Page 25 we
2 talk about consolidated billing and subaccount detail,
3 and then we talk about the line information database
4 of the retained telephone numbers.

5 Q I'm sorry. May I interrupt you for a
6 minute? I want to make sure I'm dancing from the same
7 page. Can you give me a paragraph heading or
8 something so that I can locate in the document where
9 you're referring to?

10 MR. FALVEY: If I could provide a copy to
11 Mr. Lackey, it might save --

12 MR. LACKEY: I have the exhibit here in
13 front of me.

14 COMMISSIONER KIESLING: Well, if I don't
15 know where it is I can't look at it either, so I don't
16 think it's unreasonable to ask the witness to be
17 specific.

18 MR. FALVEY: I'm not objecting. I'm just
19 trying to facilitate matters.

20 A It's titled on the top, it says "Co-carrier
21 Stipulation and Agreement," and in the lower right-
22 hand corner it says "Stip 9-11-95." It's one of the
23 first agreements we proposed to BellSouth. It's in
24 the Exhibit TTD-1.

25 Q Okay. I want to make sure that I'm looking

1 at the right thing. I have got TTD-1, and I'm looking
2 at Page 25. And just so the record is clear, it's
3 entitled "Co-carrier Stipulation and Agreement" at the
4 top, and at the bottom it has "Privileged and
5 confidential draft for discussion purposes only." And
6 it has on the bottom right-hand side, "Stip," S-T-I-P
7 "9/11/95." Do I have the right page?

8 A Yes.

9 Q All right. Now, here's my question, I'm
10 going to be very clear: Where in this agreement and
11 on this page that you have referred me to does it talk
12 about the necessity, as an operational matter, of
13 having a mechanized order processing service? Now, an
14 order processing service is where you send us a
15 service, us, order, right? Is that what it is?

16 A Okay. This section refers to your question
17 that you started out with on Don Price's testimony on
18 Page 15 about the bill-the-third-party-credit-card
19 calls and all of those kinds of things.

20 Q No, actually, I shifted back and I asked you
21 where in your testimony, which includes your exhibits,
22 is there a discussion of the operational matter
23 dealing with mechanized service processing systems
24 that Mr. Price referred to on Pages 7 and 8 of his
25 testimony?

1 A Oh, Page 7 and 8. Okay.

2 Q Let me try cutting through this. Let me
3 just ask you the straightest question I can.

4 Won't you agree that not all of the
5 operational matters necessary for us to ultimately
6 resolve in order to connect are addressed in your
7 testimony? Won't you agree that there have been some
8 that have been left out?

9 A Yes, I would assume some are. We're not
10 perfect and we're just learning ourselves how to do
11 all of this stuff. I think we had more experience
12 than anybody. We have been operating, you know,
13 longer as a competitive local exchange carrier, so no,
14 our document is not the perfect
15 solve-all-solutions-of-the-world document; that's
16 correct.

17 Q So even if the Commission did everything you
18 wanted in this proceeding, there would still be
19 operational issues that would be unresolved that we're
20 going to have to negotiate?

21 A Yes, most definitely. Things will
22 continually come up as we both learn more about how
23 things operate and that's only expected.

24 Q So now I want to go back to the original
25 line there I was then. In that case all I want from

1 you is a list of the essential operability matters
2 that you just know that we cannot resolve that this
3 Commission has to address so that this Commission will
4 know what you believe they have to decide here.
5 Just -- not the ones you think we can negotiate out.
6 Nothing, except the ones where we are so at odds that
7 there is no way of reaching agreement and we need
8 help.

9 MR. FALVEY: If I could object to the breath
10 of that question. I believe he just asked for
11 everything that we disagree on. If that wasn't -- I'm
12 not sure how he could begin to answer that question.

13 There was a deposition answer on December
14 15th where he did walk through the stipulation
15 point-by-point and say "This is where we disagree with
16 the stipulation." But unless you want to give him
17 some time to prepare or you want to ask a more general
18 question, for example, the highlights of the points,
19 he could begin to answer it. I just want to be fair.
20 I don't want his answer to suggest that he's listing
21 every single point of disagreement.

22 MR. LACKEY: Okay. I'm sorry. Let me try
23 it this way, because I don't want to do that.

24 Q (By Mr. Lackey) What I really want to know,
25 Mr. Devine, is can you identify five drop-dead issues

1 that you believe we're absolutely unable to ever reach
2 accommodation on and that this Commission is going to
3 take us in hand and answer for us? Just five, just
4 pick five, any five.

5 A Okay. Certainly the method that we actually
6 interconnect our networks. So in terms of technically
7 where we meet, where we connect. You know, does the
8 Commission go with BellSouth's switched access type
9 structure or do they go with a neutral type
10 arrangement which currently is used in the state? So
11 that would be one issue.

12 Q All right.

13 A Two, compensation in terms of do they go
14 with some kind of interim bill and keep towards an
15 ultimate per minute of use rate or do they go with
16 what BellSouth has proposed.

17 Thirdly, certainly MFS and BellSouth have
18 disagreed about who would collect the -- who would
19 bill and collect the residual interconnection charge
20 associated with traffic when MFS would subtend the
21 Bell tandem for interexchange-carrier type calls?

22 Also in terms of the switched access revenue
23 associated with interim number portability ported
24 calls, that's a key issue.

25 If you can give me a few minutes I can come

1 up with -- I'm trying to think of -- since you said
2 five, I'm trying to think of the biggest ones.

3 Q When you get to five, Mr. Devine, I'm going
4 to go to six.

5 A Okay. I feel comfortable that we identified
6 it in our agreement. I mean, what I've told BellSouth
7 is the agreement we signed with Pac Bell or the
8 proposal I've given them is something that we've
9 signed with other LECs. So, I mean, it has a lot of
10 detail in it.

11 MR. FALVEY: And if I could sort of renew
12 the same objection. If when you're going to get to
13 six you're going to get to seven, I'm probably going
14 to have a problem with that. I don't know that it's
15 fair to ask him on the spot to list every detailed
16 point of disagreement. If you'd like to do that we
17 can do that. I don't know what Madam Chairman has to
18 say about this.

19 CHAIRMAN CLARK: I'm getting a little
20 frustrated in the sense that I don't think we're
21 making real progress on the issues and points we need
22 to resolve. And what I hear you saying, Mr. Devine,
23 is that how you agree on operational issues will be
24 affected somewhat by what you have to pay in terms of
25 compensation.

1 WITNESS DEVINE: Yes.

2 CHAIRMAN CLARK: Now, with respect to
3 technical -- the technical arrangements you have in
4 the agreement you have with -- is it PacTel?

5 WITNESS DEVINE: Yes.

6 CHAIRMAN CLARK: Is it your position that
7 those technical arrangements are satisfactory?

8 WITNESS DEVINE: Yes.

9 CHAIRMAN CLARK: And those would encompass
10 everything we need to deal with in terms of technical
11 issues.

12 WITNESS DEVINE: Yes.

13 CHAIRMAN CLARK: Okay.

14 WITNESS DEVINE: Not to say that as things
15 move forward, you know, other issues could come up and
16 there could be some localized issues, but in general,
17 that is a very detailed agreement that details the
18 operational and economic relations.

19 CHAIRMAN CLARK: And you're happy with the
20 level of detail in that agreement?

21 WITNESS DEVINE: Yes.

22 CHAIRMAN CLARK: Okay.

23 MR. LACKEY: Madam Chairman, in view of that
24 I think I'll move on to the financial disagreements
25 that we have with MFS.

1 Q (By Mr. Lackey) Now, you just listed,
2 Mr. Devine, didn't you, several financial disputes
3 that MFS and BellSouth have in this proceeding?

4 A Yes, I'd say they are technical and
5 economic, yes.

6 Q Okay. I want to break them out and talk
7 about them individually. And I think what I want to
8 do is start with the one that involves, I believe you
9 said, the residual interconnection charge. Do you
10 remember mentioning that in your summary and again
11 just a moment ago?

12 A Yes.

13 Q All right. So that we can make it clear on
14 the record what we're talking about, let's talk about
15 the situation where BellSouth receives a call from an
16 IXC at its tandem, terminates the call through
17 BellSouth's end office to a subscriber. In that
18 circumstance does BellSouth charge the IXC a transport
19 rate, an access tandem switching rate, a local
20 switching rate, the CCLC and something called the RIC
21 or residual interconnection charge?

22 A If BellSouth is doing the tandem end office
23 function, the whole thing through?

24 Q Yes.

25 A Yes, if BellSouth were doing that.

1 Q Okay. Did I leave out any of the elements
2 of the switched access charge that are charged to
3 IXCs?

4 A I mean, if you start from ground zero,
5 depending upon what kind of connectivity the IXC has,
6 if they have entrance facilities of their own, but I
7 think in terms of the general components of tandem
8 switching, transport, end office, RIC, carrier common
9 line, local switching, those are the major ones you
10 did mention.

11 Q Okay. Now, let's change the hypothetical
12 and see if we can highlight the issue. Let's assume
13 that an IXC sends a call to a BellSouth tandem, and
14 that instead of terminating the call at a BellSouth
15 end office, it's terminated in an ALEC end office.
16 The ALEC's end office subtends the BellSouth tandem.
17 Is that a situation that's probable, possible to
18 exist?

19 A Yes.

20 Q Okay. Now, in that case BellSouth still
21 performs some of the transport, correct?

22 A It would depend where BellSouth and MFS
23 agreed was the transport measurement location.

24 If we were collocated at the BellSouth
25 tandem, we would assume that we'd get 100% of

1 transport and BellSouth would be zero, so it would
2 depend upon what percent of the transport.

3 Q Depending on -- I'm sorry, I didn't mean to
4 cut you off.

5 A It would depend upon if we had all of the
6 transport or a portion of it.

7 Q Depending on the point of interface, you
8 would agree that BellSouth and the ALEC would split
9 the transport based on what they had provided in the
10 way of transport, correct?

11 A Yes.

12 Q And you would agree that BellSouth would
13 bill the IXC the tandem switching, correct?

14 A Yes.

15 Q And there's no dispute that the ALEC would
16 bill the tandems, I mean -- I'm sorry, the local
17 switching to the IXC?

18 A Yes. The ALEC would bill the local
19 switching RIC and carrier common line based on today's
20 practice.

21 Q Don't get ahead of me here. There's not
22 even a dispute between the parties that the ALEC would
23 bill the local switching, right?

24 A No, there's no dispute between local
25 switching and carrier common line.

1 Q And there's no dispute that the ALEC would
2 bill the IXC the CCLC?

3 A Yes, that's correct.

4 Q The only element that's in dispute is the
5 RIC, isn't it, the residual interconnection charge?

6 A Yes, that's correct. Assuming that we'd
7 actually execute an agreement in our discussions and
8 correspondence, yes, that's correct.

9 Q All right. So for the Commission's benefit,
10 the only issue here is the handling of the RIC, who
11 collects it and who charges it, correct?

12 A Yes.

13 Q Okay. So now let's talk about the RIC just
14 for a moment.

15 Isn't it true that the residual
16 interconnection charge arose out of a federal
17 proceeding, a proceeding at the FCC?

18 A Yes.

19 Q Isn't it true that there is a federal RIC?

20 A Yes.

21 Q Okay. Do you know whether -- isn't it true
22 that the RIC came out of the local transport
23 restructure proceedings?

24 A Yes.

25 Q Isn't it true that in Florida there has been

1 a local transport restructure proceeding?

2 A Yes. I haven't been involved in it, but
3 I've heard, yes, there has been.

4 Q All right. Now, isn't it true that at the
5 FCC level, what happened in that proceeding was that
6 local transport rates were broken into a charge for
7 local transport and a revenue requirement associated
8 with what is now called the residual interconnection
9 charge?

10 A I wasn't closely involved in that
11 proceeding. At the time we were just doing CAP
12 business, competitive access provider business, doing
13 transport. And we weren't into switching. I mean, I
14 was aware of what was going on, but I wasn't
15 personally involved in the nuts and bolts of the
16 economics.

17 We know that with LTR and unbundling, it
18 provided us an opportunity to provide transmission to
19 long distance carriers.

20 Q Mr. Devine, you do know that the RIC was
21 established to help recover some of the per minute of
22 use transport revenue that a LEC would maybe not
23 recover if it didn't have a direct connection with the
24 IXC if the tandem was bypassed. You know that, don't
25 you?

1 A Yes. I know generally that if an IXC were
2 to get direct trunks to an end office and not go
3 through the access tandem, that the concept was that
4 the RIC could help recover some of the lost transport.
5 But that's about as far as I can get with it.

6 Q Okay. But you do know, then, based on your
7 last sentence that the RIC was established to help the
8 LEC recover some of the lost transport when the tandem
9 was bypassed, correct?

10 A I believe when they were -- when they
11 wouldn't get the transport, the transport revenue, so,
12 yes. But in this case, as you've proposed, MFS could
13 potentially be getting 100% of the transport.

14 Q All right. Now, did MFS participate in
15 either the federal proceeding or in the proceeding
16 before this Commission, the proceedings which are
17 generally known as local transport restructure.

18 MR. FALVEY: Objection. If you could just
19 clarify what you mean by MFS, because we've got a
20 subsidiary that's at issue here and it might be
21 helpful.

22 MR. LACKEY: I'm terribly sorry.

23 Q (By Mr. Lackey) Did the company that you
24 are representing before the Commission today in this
25 proceeding, who filed a petition that initiated this

1 proceeding, participate in the proceeding in this
2 state to deal with local transport restructure?

3 A We may have been involved in the Florida
4 proceeding but I really don't know the answer to that.
5 but I know, yes, most definitely we were involved in
6 the federal proceeding, although I don't know actually
7 to what level. I imagine we filed comments in that
8 docket.

9 Q MFS of Florida filed comments at the FCC in
10 the LTR proceeding?

11 A No, it probably would have been at that time
12 MFS, TeleCom, or maybe MFS Communications Company.

13 Q Now, has MFS filed a tariff containing local
14 transport and has MFS established a residual
15 interconnection charge here in Florida?

16 A No, but we have in New York and some other
17 states. We have switched access structure, and we
18 charge -- we pretty much mirror the LEC's structure in
19 those states.

20 Q That's an interesting point. What you've
21 done in the other states where you are in operation
22 with regard to access charges is that you have simply
23 mirrored the incumbent LEC's access charges that were
24 then in place, correct?

25 A Yes. We thought it was a simple way to get

1 our pricing offered to IXCs, and we thought initially
2 to simplify things that the rate level for those kind
3 of calls would be the same, so that meant adding up
4 all of the components.

5 Q Now, you don't have and haven't established
6 a revenue requirement associated with the RIC, have
7 you?

8 A Well, I'm sure we've done business plans
9 that show that we want to collect revenue from IXCs
10 for originating/terminating access. I mean, we're not
11 a rate of return based phone company, that's true.

12 Q I mean, I know you want the money. But, I
13 mean, the RIC was for a specific purpose and you
14 haven't done anything to establish that MFS requires a
15 RIC in Florida, a residual interconnection charge in
16 Florida, have you?

17 A Well, we're not in business in Florida right
18 now. But in New York, I imagine if we were acting as
19 the tandem and let's say Bell had customers and end
20 office traffic that subtended our tandem, then we
21 would have the reverse situation, and that would be in
22 place.

23 Q MFS has not established in Florida a revenue
24 requirement for a RIC, correct?

25 A We haven't filed tariffs for switched access

1 in Florida. We haven't filed any tariffs yet. We've
2 told the Commission in a letter I sent December 29th
3 that until we work out all these arrangements with
4 BellSouth and the other independents that we would be
5 prepared to be in business and file tariffs.

6 Q So the answer to my question is no.

7 A No, because we're not in business yet.

8 Q Thank you. All right. Now, has BellSouth
9 established a requirement for a RIC in proceedings
10 before this Commission in Florida?

11 A As I said, I wasn't involved in an LTR
12 proceeding. If there has been one, I'm assuming, yes,
13 they have, but I haven't seen an order and haven't
14 seen the details of it. But if there has been a
15 proceeding the answer would be yes.

16 Q So in this issue what you want is you want
17 the Commission to order that MFS obtain revenues, the
18 RIC revenues when it has no RIC charge, and deny the
19 revenues to BellSouth who does have an established RIC
20 charge. That's the end result, isn't it?

21 A No. What I'm really saying is that I don't
22 want to be discriminated against. Currently when
23 BellSouth acts as the tandem and an independent
24 subtends their end office, the end office provider
25 collects all of the RIC revenue, and I just want to be

1 treated the same way that other independent LECs are
2 when they subtend a Bell access tandem,

3 And secondly, you know, based on the new
4 environment with new LECs coming into place, I'm not
5 sure if BellSouth really would deserve any RIC revenue
6 if they're trying to collect RIC revenue to replace
7 any potential lost transport revenue. I mean you have
8 a situation where you have a new environment with new
9 entrant LECs, and if the Commission here and if the
10 FCC were to go and redress this issue, I'm sure the
11 answer would come out much differently in terms of
12 where BellSouth would be and where MFS would be or any
13 other new entrant.

14 So I'm just concerned that there would be
15 two situations where independents and BellSouth would
16 have a relationship where the end office RIC is
17 collected from the independent, and then BellSouth
18 would have another relationship where technically the
19 same operational thing is going on but BellSouth would
20 collect and keep the RIC revenue. So that's my real
21 concern and that's why I think it needs to be brought
22 to the Commission's attention.

23 Q Do all of the other independent companies
24 that you had reference to a moment ago have RICs
25 established with this Commission? That is where they

1 collect the RIC?

2 A GTE, I imagine, does, because they have a
3 tandem in their LATA. And Sprint/United/Centel, I
4 imagine they do, but I wouldn't know for certain.

5 Q To the extent those companies have
6 established and demonstrated the need for a RIC before
7 this Commission they aren't similarly situated to you
8 who haven't made such a showing, isn't that correct?

9 A I really can't assume that. So I'd say no,
10 that I really can't assume that. In terms of making a
11 showing, I wasn't involved in the LTR proceeding in
12 the state, so I don't know what kind of showing was
13 made. Based upon what I had seen happen in a lot of
14 states is the states adopted the federal structure
15 really for no simple unique or special reason, but
16 the -- a lot of states decided to just adopt what
17 happened at the FCC. I mean, if you are aware of the
18 LTR proceeding I believe a lot of parties said that
19 the RIC really didn't make sense, and the FCC even
20 stated that the RIC was going to be phased out
21 eventually. So I think it was for no other reason.
22 Just like with special access collocation, the state
23 said, "Okay. I'm going to mirror the FCC." And with
24 LTR and unbundling, I believe it the same thing,
25 "Let's just mirror the FCC." So I wouldn't say for

1 certain that there was a cost showing. There probably
2 wasn't but, as I said, I wasn't involved in the
3 proceeding.

4 MR. LACKEY: Madam Chairman, are we going to
5 take a break? I'm getting ready to change topics, if
6 you'd like to do it that way. I can keep going either
7 way.

8 CHAIRMAN CLARK: Go ahead, Mr. Lackey. Keep
9 going.

10 MR. LACKEY: Thank you, Madam Chairman.

11 CHAIRMAN CLARK: It's just so exhilarating,
12 I want to keep going on it.

13 MR. FALVEY: Madam Chairman, can we ask the
14 witness if he'd like to take a break? I'm perfectly
15 willing to keep going, but he's the one that is on the
16 stand.

17 WITNESS DEVINE: I'm fine, thank you.

18 CHAIRMAN CLARK: Go ahead, Mr. Lackey.

19 We will take a lunch break, but go ahead.

20 MR. LACKEY: I prefer not to be here either.

21 Q (By Mr. Lackey) Let's turn, then, to the
22 other major issues that I heard you mention earlier,
23 and one was the kind of physical interconnection that
24 we would have and the other was the financial
25 arrangement. How we would either pay each other or

1 not pay each other. Those were two other major issues
2 that you identified in your summary and again a few
3 minutes ago when I asked you to list the five items,
4 correct?

5 A Yes.

6 Q All right. I have an exhibit that I'd like
7 you to look at, please.

8 MR. LACKEY: Madam Chairman, for
9 identification purposes, could I simply have this
10 marked with the next exhibit number?

11 CHAIRMAN CLARK: The document entitled
12 "Local Interconnection Arrangements" will be marked as
13 Exhibit 4.

14 (Exhibit No. 4 marked for identification.)

15 Q (By Mr. Lackey) Mr. Devine, what I'm trying
16 to do here is get a common base so we can all talk
17 with regard to the physical interconnection and the
18 financial arrangements that are still issues.

19 You have in front of you what has been
20 marked Exhibit No. 4.

21 A Yes.

22 Q Do you see that on the left side of that
23 diagram there is a box called, "ALEC Switch, NXX-888?"

24 A Yes.

25 Q Okay. And you see some telephones hanging

1 off of that switch?

2 A Yes, I do. This doesn't particularly or
3 exactly represent what our architecture would be, but,
4 yes, I see the phones hanging off of the switch box.

5 Q Okay. Just for simplicity's sake, can we
6 agree that generally this kind of an arrangement, a
7 switch with loops running from it to telephones, is
8 representative of a very fundamental ALEC network?

9 A Well, the ALEC switch, especially in our
10 case, is an end office access tandem, interexchange
11 access tandem, and also in our case in Florida here an
12 international switch. So our switch actually has a
13 lot more functionality than just end office
14 capability. And one thing that I think can be kind of
15 misleading, too, is that you show the telephone loops
16 off the ALEC switch to be drawn, it looks like, the
17 same distance as off of the BellSouth end office
18 switch. And in our case, since we would just have one
19 switch with all of these capabilities, our loops would
20 be significantly longer than BellSouth, so this is not
21 really an equal or fair representation of what would
22 go on in a network in terms of interconnecting.

23 Q Leaving aside the scale, and assuming that
24 the little box that says, "ALEC Switch," means ALEC
25 switch, whatever kind of switch it is, it does fairly

1 represent what you do, doesn't it? You take a switch
2 and you hang loops off of it and they may be of
3 varying lengths.

4 MR. FALVEY: I would object to that question
5 as asked and answered. He just said is this a fair
6 representation and he gave a fairly lengthy answer as
7 to why it is not.

8 MR. LACKEY: I'm sorry. I qualified the
9 question to identify it simply as a switch of any
10 type, and I said that it wasn't drawn to scale, so
11 that we can talk about the length of the loops which,
12 I believe, are the two major pieces he made. I'm just
13 trying to get a representation so we can understand
14 what we're talking about. There's nothing devious
15 about this.

16 CHAIRMAN CLARK: I'll allow the question.

17 Q (By Mr. Lackey) Subject to the two
18 clarifications that I had, and that was that it is a
19 switch; it could be a local switch, an international
20 switch. It's some kind of a switch and that you hang
21 loops off it, but the loops here are not drawn to
22 scale, would that represent the setup an ALEC has?

23 A Yes, when we initially get into business
24 that would be correct. We'd have one superswitch and
25 just really long loops that would be considerably

1 longer than BellSouth's loops.

2 Q Indeed, you generally only have one switch.
3 Do you even have one switch in a state on average?

4 A It really depends upon the state and the
5 situation.

6 Q In Florida, since you've got a certificate
7 and presumably are going to get in business, are you
8 going to locate a switch in Florida?

9 A Yes. I know there is a switch operating in
10 Miami right now, and I believe we have plans for other
11 switches. But I know there is a switch operating in
12 Miami currently.

13 Q Okay. Now, let's look at the right side of
14 Exhibit 4 where I've drawn a BellSouth tandem switch,
15 some interoffice trunks, some BellSouth end offices
16 and I've hung some telephones off of the BellSouth end
17 offices. On a very basic level, again without arguing
18 about whether it is drawn to scale, would you agree
19 that that sets up what the LEC, local exchange company
20 network may look like?

21 A Yes. That seems to be generally how a LEC
22 network would look with a tandem switch and end office
23 switches.

24 Q Okay. And the bold line that runs between
25 the ALEC switch and the BellSouth tandem switch can

1 represent, can it, the connectivity between the two
2 separate networks?

3 A In this diagram I imagine that's what that
4 is doing. It's not identified but, yes, if you want
5 to assume that.

6 Q Okay. Now, let's talk about the physical
7 interconnection issue that you identify first. As I
8 understand it, you believe that the interconnection
9 can happen at the BellSouth tandem switch through
10 collocation; is that right? That's one way.

11 A That's one of the ways that we could
12 connect.

13 Q Yes, that's one of the ways, isn't it?

14 A Yes, that could be potentially one of the
15 ways.

16 Q Okay. And you believe that the
17 interconnection can occur at the ALEC switch; is that
18 correct?

19 A This is in the context of this drawing, you
20 mean?

21 Q Yeah.

22 A In the context of this drawing, I guess,
23 yes. I mean, you have a line connecting these two
24 switches, yes.

25 Q Okay. And BellSouth has also offered to

1 interconnect with you directly at the end offices,
2 hasn't it?

3 A Yes, they have.

4 Q Okay. And a fourth place of interconnection
5 is somewhere in between, a mid-span meet, correct?

6 A You mean in this diagram or what BellSouth
7 has offered or --

8 Q I mean in this diagram you can connect at
9 any point along the bold line between the two
10 switches, the ALEC switch and the BellSouth tandem
11 switch, correct?

12 A Yes, that could be one of them.

13 Q Are there any other points of
14 interconnection that are available other than at the
15 BellSouth end office, the BellSouth tandem switch, the
16 ALEC switch, or at some point in between those
17 switches?

18 A Yes, there could be. I don't know. I guess
19 I'm kind of confused because you have this diagram
20 that doesn't have a lot of detail, so we're just
21 making assumptions on top of it, and I can't tell if
22 they are a BellSouth assumption or something I can run
23 with.

24 But what we're advocating is that there be a
25 neutral meet point where we would interconnect. So I

1 guess what we would say is between this ALEC switch
2 and a BellSouth tandem you could add another box and
3 call it the local interconnection neutral meet point.
4 And that would be a neutral location that all carriers
5 would meet to interconnect to each other's facilities,
6 because the diagram that you've put together shows
7 BellSouth's historical architecture that has been put
8 into place based on rate of return regulation. And
9 our big issue is that I don't want BellSouth's
10 infrastructure imposed upon me, nor do you probably
11 want our's imposed upon you, so our cost may be the
12 same, so, to terminate a call as BellSouth's. It's
13 just that you have a lot more end office switches and
14 we have more transport. So our network has more
15 transport and yours has more switching. I guess if
16 you get down to on a per-minute basis, the average
17 cost of transport versus the average cost of
18 switching, they are probably about the same. So our
19 big issue is we want a neutral location, because I
20 don't want your architecture imposed upon me and you
21 probably don't want mine imposed upon you. We
22 exchange calls at a neutral location and we don't --
23 you know, we charge an equal and reciprocal and
24 identical rate. Just because BellSouth has a switched
25 access structure that charges in the manner they do

1 with an end office and transport --

2 MR. LACKEY: Madam Chairman, I'm sorry to
3 interrupt the witness, but I need to object. I asked
4 him where we could interconnect and that was ten
5 minutes ago, or maybe I'm exaggerating, but he's not
6 answering the question I asked.

7 MR. FALVEY: Well, I object to the --

8 CHAIRMAN CLARK: Just a minute, everyone.

9 MR. FALVEY: Okay.

10 CHAIRMAN CLARK: Mr. Devine, I have found
11 and I know other Commissioners have found your answers
12 tend to be long and we tend to get lost.

13 WITNESS DEVINE: Okay.

14 CHAIRMAN CLARK: I think there is a valid
15 objection for you to explain in such minute detail. I
16 would like you to answer as precisely as you can.

17 Now, as I understand it, you've explained
18 that in addition to the points Mr. Lackey has
19 described, you likewise feel that there could be
20 someplace in between, a neutral area.

21 WITNESS DEVINE: Yes.

22 CHAIRMAN CLARK: That isn't at your switch,
23 it isn't at the tandem switch and it isn't at the end
24 office of his.

25 WITNESS DEVINE: Yes, that's correct.

1 CHAIRMAN CLARK: Is there anything else you
2 want to add to that?

3 WITNESS DEVINE: In terms of actually where
4 to connect? I was just trying to explain their
5 structure versus our structure.

6 CHAIRMAN CLARK: Well, that wasn't the
7 question.

8 WITNESS DEVINE: Okay. Yes, we would want
9 neutral --

10 CHAIRMAN CLARK: You indicated there could
11 be a neutral place that isn't at your switch, isn't at
12 their tandem or their end office, right?

13 WITNESS DEVINE: Yes.

14 CHAIRMAN CLARK: Okay. Go ahead,
15 Mr. Lackey.

16 MR. LACKEY: Thank you, Madam Chairman.

17 Q (By Mr. Lackey) Mr. Devine, If we could
18 take the exhibit and place a X mark directly on the
19 bold line between the ALEC switch and the BellSouth
20 tandem switch, could that be taken to represent the
21 neutral point between the two facilities, either a
22 junction box or mid-span meet, could that represent
23 that?

24 A Yes, that could be, you know, one of the
25 neutral locations. Of course, it could be anywhere in

1 the network between us and you. It doesn't
2 necessarily have to be between certain types of
3 switches. But, yes, that could be one of them.

4 Q Well, you're going to have to interconnect
5 no matter what you do at some point between the
6 switches.

7 A Yes, it would be somewhere between our
8 network and your network and our switch and your
9 switches. The whole concept is the neutral location
10 between our network and yours and between our switches
11 and your switches.

12 Q Now, there's no doubt that we've offered you
13 interconnection at the BellSouth end offices, is
14 there?

15 A Yes, the end offices and tandems; yes, you
16 have.

17 Q Okay. You've answered my next question.
18 We've done it at the tandems.

19 A Excuse me, I didn't hear.

20 Q I'm sorry. We've offered you
21 interconnection at the tandems, as well. That's what
22 you just said, correct?

23 A Yes.

24 Q All right. So the real issue is whether we
25 ought to be required to interconnect with you at a

1 spot represented by the X we've drawn on the chart
2 representing some neutral spot between our switches,
3 correct?

4 MR. FALVEY: Can I object? My concern is
5 that Mr. Devine has, in answering about the X, has
6 said that this is an oversimplification and that it's
7 not a single point, that there's many points. So I
8 just don't want his -- he's already objected to the
9 simplification. I don't want that to be fed back into
10 the next question. Objection to the form. Maybe he
11 can rephrase it.

12 CHAIRMAN CLARK: Go ahead, Mr. Lackey.

13 MR. LACKEY: Do I need to rephrase the
14 question?

15 CHAIRMAN CLARK: Go ahead.

16 Q (By Mr. Lackey) Mr. Divine, to the extent
17 that the bold line between the ALEC switch and the
18 BellSouth tandem represents connectivity between two
19 of our switches, the neutral point, the X, can fall
20 anywhere between those two points on that bold line,
21 correct? There's a multitude of places.

22 A Yes, it could. It could fall between there,
23 yes.

24 Q Okay. And the only form of interconnection
25 that we haven't offered you is that one, the one at a

1 midpoint between our two facilities, correct?

2 A Yes, you have not offered -- what we've
3 proposed in terms of a neutral meet point between our
4 networks you have not proposed.

5 Q Okay. Are there physical and administrative
6 and technical issues associated with a mid-span meet
7 that are not inherent in a collocation at a tandem,
8 for instance?

9 A Could you explain that?

10 Q Surely. When we collocate at a tandem, you
11 simply have a facility, a closet, a space, something
12 inside a BellSouth building, correct?

13 A Yes. If it were a physical collocation,
14 we'd have our own space, let's say, in a cage. If it
15 were virtual, we had have equipment dedicated to us
16 and we would cross-connect electrically.

17 Q Okay. And we have an entrance facility that
18 runs between your collocated space and our switch and
19 that's where the interconnection occurs, correct?

20 A We meet at a manhole outside of the central
21 office, a fiber manhole which we'd reached agreement
22 between our company and your company. That's where
23 the fibers met, at a manhole. But that's in terms of
24 collocation.

25 Q Okay. If you have physical space in our

1 building, you bring it to the building; you don't
2 bring to a manhole cover somewhere, right?

3 A No, we bring it to the manhole. In terms of
4 collocation, it's different with each LEC. I'm not
5 actually sure how BellSouth may do it, but in a lot of
6 cases we have to at least get our fiber to a manhole
7 that's, you know, outside of the Bell wire center.
8 And then our fiber, we might run all the way into the
9 optical frame room. And then you might have vertical
10 protected, fire protected fiber that goes up the riser
11 to the actual space.

12 Q Okay. Are there collocation tariffs on file
13 with this Commission?

14 A Yes.

15 Q Okay. Now, the question I was trying to ask
16 you earlier is when you do a mid-span meet, this new
17 neutral location you're talking about, are there
18 technical issues -- let's start with that -- different
19 than the issues associated with a collocation on, in
20 this case, BellSouth's property?

21 A What do you mean by technical issues? And
22 just so you understand, I think you might be
23 misinterpreting what -- when we mean a neutral meet
24 point, we don't just like a fiber mid-span meet is the
25 only solution that currently maybe somebody may use

1 for some kind of collocated environment. We're
2 talking about a neutral meet point where we meet you
3 and you meet us, and we just cross-connect
4 electrically or optically our circuits. And the whole
5 concept is that we compensate each other equally,
6 reciprocally and identically from that meet point.
7 I'm responsible to get the traffic back to my
8 customers; you're responsible to get the traffic to
9 your customer. So it's different than just a fiber
10 virtual collocation type connection. I think we're
11 really talking apples and oranges. There potentially
12 could be a way that somebody could meet, but it's not
13 really what we're -- the neutral meet point concept.
14 it's different than the neutral meet point concept.
15 But that could be one of the ways to actually
16 physically connect.

17 Q Let's approach it this way. You have got my
18 exhibit there still in front of you, correct?

19 A Yes.

20 Q Let's assume for the purposes of the next
21 question that you draw the X on the bold line and we
22 call that the neutral point. It's a building, it's a
23 mid-span meet, it's whatever you want it to be for us
24 to interconnect, okay?

25 A Sure.

1 Q And under your theory, at least with regard
2 to the establishment of the physical connection, you
3 would be responsible for the bold line on your side of
4 the X, that is the ALEC switch side of the X, and
5 BellSouth would be responsible for the bold line on
6 the right side of the X?

7 A Yes, that's correct.

8 Q All right. And each would pay his own way
9 to get there and maintain the facility and do that
10 sort of thing, correct?

11 A Yes.

12 Q All right. Now, let's talk about
13 interconnection and bill and keep. In this case what
14 you're recommending, as I understand it, is that we
15 interconnect on a bill and keep arrangement. That is,
16 you terminate traffic for me and don't charge me
17 anything, and I terminate traffic for you and don't
18 charge you anything; is that right?

19 A Yes, in the interim that's what we
20 recommended, that's correct.

21 Q Okay. And what BellSouth wants to do is it
22 wants to terminate traffic for you on its network and
23 charge you for that terminating traffic, and it wants
24 you to terminate traffic for us on your network and
25 BellSouth wants to pay you for that termination,

1 right?

2 A Yes.

3 Q Okay. Now, do you agree that when MFS
4 terminates a call that BellSouth sends it, that it
5 incurs cost for the termination of that call?

6 A Yes.

7 Q Okay. Now, even without regard to the black
8 bold line between the two switches, you incur a cost
9 because you have to switch the call, correct?

10 A BellSouth you mean? Or either party? If
11 both parties are going to incur costs to terminate a
12 call, yes, that's correct.

13 Q And using my Exhibit 4, where your cost
14 would be, again leaving aside the interconnection
15 facility, the bold line, your cost would occur because
16 the call goes through the ALEC switch and that causes
17 you to have a cost, a switching cost, right?

18 A We will have a cost going from the -- you
19 know, the demarcation point at the X back to our
20 switch, and then in our switch, and then transport out
21 to our customers and switch, and similar kind of costs
22 that BellSouth would have.

23 Q Well, let's talk about that. Let's assume
24 that the call comes from you, using this diagram, and
25 comes to BellSouth. BellSouth gets it at the tandem,

1 switches it, transports it to the next end office,
2 switches it down to the subscriber, right?

3 A I believe that's what BellSouth is telling
4 me how they would architect it, and that sounds
5 consistent with how switched calls are normally
6 switched.

7 Q That sounds the way calls are normally
8 switched, right?

9 A Yes.

10 Q So using this exhibit, when BellSouth sends
11 a call to you; you incur your share of the black bold
12 line, the connectivity; you incur a switched cost; and
13 then I guess you incur costs bringing it to your
14 subscribers, right?

15 A Yes.

16 Q And when you send a call to BellSouth,
17 BellSouth incurs a cost at its tandem for switching
18 it, for transporting it to the next end office,
19 switching it again and terminating it to its customer,
20 correct?

21 A Assuming that's the way they would do it
22 which, I think, general agreement is that that's how
23 it would work, yes.

24 Q Okay. Now, do you have any reason to
25 believe -- and I should say any empirical evidence to

1 support a contention that the cost to the ALEC of
2 terminating a call in this scenario that I've
3 described for you, is the same as the cost to
4 BellSouth for terminating a call under this scenario?

5 A I haven't done any actual studies, but I
6 guess what I would do is look at BellSouth's tandem
7 switching charge. So BellSouth's cost of tandem
8 switching, their incremental cost of tandem switching,
9 and then I would look at BellSouth's incremental cost
10 of transport. And I imagine if BellSouth's
11 incremental cost of transport is the same or similar
12 as their incremental cost of tandem switching, that
13 MFS's costs would be the same or close to them.
14 Because in our case, as I mentioned to you earlier,
15 our loops will be a lot longer than BellSouth's. It's
16 just that our architecture is different.

17 So I might have a lot more transport than
18 BellSouth, therefore, I'm incurring just as much cost
19 as BellSouth in total, and BellSouth just has more
20 switching costs. So I guess I would want BellSouth to
21 show their incremental cost of tandem switching versus
22 their incremental cost of transport. And I believe
23 you're talking hundredths of tenths. And if the
24 difference is hundredths of tenths between transport
25 and switching, then yes, my cost would be probably the

1 same or similar as BellSouth's. Therefore, that's why
2 we want to get the rate to be equal and reciprocal.

3 Q And if it turns out that your costs are the
4 same as BellSouth's cost -- I'm sorry. If it turns
5 out that your cost is the same as BellSouth's cost and
6 BellSouth offers to pay you your cost and you have to
7 pay ours, then you've recovered all of your cost,
8 haven't you?

9 A I imagine that we would if I told you what
10 my cost is and we charged that and you did the same,
11 then that would be correct, yes.

12 Q Now, let's look at a practical example. As
13 I understand it, MFS is actually up and running and
14 providing local exchange dial tone in three states; is
15 that correct?

16 A Yes.

17 Q And those three states are Illinois,
18 Maryland, and New York; is that correct?

19 A Yes.

20 Q Now, is it true that right now, or let's say
21 the first of the year, that the only place that MFS
22 was actually providing dial tone in New York was in
23 the borough of Manhattan?

24 A Effective when?

25 Q January 1st.

1 A January 1st of --

2 Q This year, '96.

3 A I believe I answered that question in my
4 deposition the other day. And we were expanding into
5 the Bronx and Queens and Westchester County, and
6 possibly they could have turned up service before
7 then.

8 COMMISSIONER GARCIA: Just a question. Are
9 we on a hypothetical --

10 MR. LACKEY: No, sir.

11 COMMISSIONER GARCIA: I'm sorry, I missed
12 something then. Could you repeat the question?

13 MR. LACKEY: Yes, sir, I will.

14 Q (By Mr. Lackey) Isn't it true that as of
15 January 1st, 1996, in the state of New York, that the
16 only place that MFS was actually providing local
17 exchange dial tone was in the borough of New York --
18 I'm sorry, I'm getting tired, and I know everybody
19 is -- the borough of Manhattan?

20 A I'll try to be as consistent as I remember
21 how I answered the question the other day when you
22 asked me.

23 I believe I said that I know for certain we
24 have been in the borough of Manhattan, and as I said
25 the other day, we were in the process of rolling out

1 service in parts of Brooklyn, Queens and Westchester
2 County. And I don't know for certain if that service
3 was turned up. And we were also in the process of
4 rolling out service in Rochester, New York. And I
5 don't know for certain if it was turned up before or
6 after January 1st. If it were before January 1st, it
7 would have been in the last month or so.

8 Q Let me make the date September 1st, 1995.
9 As of September 1st, 1995, the only place you had
10 rolled out local dial tone was in the borough of
11 Manhattan in New York, right?

12 A Yes, that is correct.

13 Q And what you had, was you had one switch in
14 Manhattan, and you interconnected at a tandem there,
15 correct?

16 A Actually, I believe we have a second switch
17 in Manhattan now.

18 Q I'm talking about September 1st.

19 A I don't work in the operational group. I
20 know they were in the process of turning up the second
21 switch. I don't know if it's turned up or was turned
22 up August 31st or September 1st, but they were in the
23 process of turning up a second switch.

24 Q If there's a second switch, it's connected
25 at a tandem to, correct?

1 A If there's a --

2 Q If there's a second switch in operation,
3 it's connected at a tandem, too, correct?

4 A I imagine so. I don't know emphatically,
5 but I imagine it probably is.

6 Q Another state you're operating in is
7 Maryland, and if I understand correctly, you're only
8 providing local exchange dial tone in the area of
9 Baltimore and perhaps its suburbs; is that correct?

10 A Yes.

11 Q And in the state of Illinois I understand
12 that you are providing dial tone local exchange
13 service in the city of Chicago; is that correct?

14 A It would be metropolitan Chicago.

15 Q And you told us a minute ago that you
16 already have a switch located in Miami, correct?

17 A Yes.

18 Q So now what you do, if I understand your
19 business practice correctly, you locate in urban areas
20 and target business customers for local service; is
21 that correct?

22 A Well, we target all kinds of different
23 services. You know, we're trying to get into as many
24 lines of business as we can. But generally,
25 historically, MFS's practice has been, in its early

1 days, to focus on business customers. And as we get
2 economies of scale built out, you know, we expect to
3 be able to also provide service to residential
4 customers, although in New York we do have residential
5 customers and provide residential service in New York,
6 and we do intend to offer service to all customers
7 requesting service in all of our territories.

8 Q Now, in fact you use a direct sales force to
9 get customers, don't you?

10 A Well, we do, you know, telemarketing and
11 direct sales.

12 Q And so --

13 A And advertising. We do advertising.
14 Magazine advertising, television advertising, direct
15 sales, telemarketing. I think we've tried just about
16 all the different things that people can to get
17 customers.

18 Q Well, isn't it true that the only way a
19 residential customer would get service from MFS is if
20 the residential customer called MFS and asked for it?

21 A Well, there's not exactly true. We provide
22 Lifeline service in New York City, and we actually
23 have relationships with some of the Public Service
24 agencies in an attempt to get Lifeline customers. And
25 we also have supported a program in New York with the

1 New York Commission to get automatic enrollment of
2 Lifeline customers that are in our territory.

3 So, actually, we're not as proactive as
4 AT&T, I would say, in terms of getting residential
5 customers, but we -- you know, we get them in
6 different ways.

7 Q Do you recall your deposition taken on
8 December 15th, 1995?

9 A December 15th?

10 Q 1995.

11 A Yes.

12 Q Do you have a copy of that deposition with
13 you?

14 A Yes.

15 Q Can you get it out, please?

16 A Sure. I have it.

17 Q Do you recall being asked, "So I guess a
18 residential customer would have to call MFS in order
19 to apply for service?" Do you remember being asked?

20 A What line is --

21 MR. FALVEY: Yeah, could you do a page and
22 line reference?

23 Q (By Mr. Lackey) Sure, Page 58. It's Line
24 14. (Pause)

25 A What line then?

1 Q It's Page 58, Line 14. Do you recall being
2 asked, if you are there, "So I guess a residential
3 customer would have to call MFS in order to apply for
4 service?"

5 A Yes. And I think if you look at the
6 question that starts on Line 3, we were talking in the
7 context of Florida. And I think -- I believe I just
8 answered the question talking about New York.

9 In New York City we -- you know, we have --
10 we have been in business for two-and-a-half years, and
11 we have more experience and been doing different
12 things to get customers. So this question in the
13 deposition was answered in the context of Florida,
14 but, I mean, I'll be real honest with you. I'm not
15 trying to hide anything. Our focus is on business
16 customers, especially in the beginning, just as when
17 MCI got into business in the '70s it was business
18 customers, but currently there's residential
19 competition throughout the country in every LATA in
20 the country, and I believe the rates are down to like
21 10 cents a minute.

22 So we see the same thing happening for local
23 service, that initially most new entrants will focus
24 on business, unless you're a cable TV provider.

25 MR. LACKEY: I've got to object, Madam

1 Chairman. All I asked him was was he asked the
2 question. That's all I asked.

3 MR. FALVEY: He's just putting a little bit
4 of context on the question. The question was "Do you
5 use -- did you say that you used a direct sales force
6 that concentrates on business customers?" He was
7 heading in the direction of an argument that we only
8 market to business customers. Mr. Devine's relatively
9 brief response is directly responsive to that issue.
10 And if he goes off on another tangent I understand. I
11 think he's trying now to keep his answers to the
12 point.

13 MR. LACKEY: That wasn't even the question,
14 Madam Chairman. I read the question directly from the
15 deposition.

16 MR. FALVEY: And he explained that you were
17 taking that line out of context. Look back a few
18 lines and here's how we operate. I think he's
19 providing a very informative answer to the question.

20 CHAIRMAN CLARK: Mr. Lackey, do you have
21 another question you want to ask on this point?

22 MR. LACKEY: Yes.

23 Q (By Mr. Lackey) Can you tell us what your
24 answer was to the question that was asked of you on
25 Line 14 of your deposition?

1 MR. FALVEY: I'll object to that. I'm
2 sorry, if that's the question, we can go back and read
3 the answer if you'd like.

4 CHAIRMAN CLARK: I would like you to read
5 the question, and then Mr. Devine you may read the
6 answer. And then, Mr. Lackey, I'd like you to provide
7 me with -- tell me when you are at a convenient
8 stopping point so we can take lunch.

9 MR. LACKEY: All right.

10 Q (By Mr. Lackey) Mr. Devine, weren't you
11 asked the question, "So I guess a residential customer
12 would have to call MFS in order to apply for service?"

13 A Yes.

14 Q And what was your answer there?

15 A It says "Yes, they do."

16 MR. LACKEY: Thank you. I'm ready to take a
17 break if you are, Madam Chairman.

18 CHAIRMAN CLARK: Okay. We're going to go
19 ahead and take a break until 1:00. If you need to,
20 you can bring your lunch back to the hearing room and
21 eat it as we continue the hearing. I should warn you,
22 you may not get as long a break for lunch tomorrow.
23 We're likely to have to go tonight. I don't know how
24 late we'll go.

25 I should also let you know that Commissioner

1 Kiesling has to leave us a little bit before 4:00.
2 She will not be with us tomorrow. She will be back
3 with us Friday and Saturday. She will, of course,
4 read the transcripts, and she has read the testimony.
5 So we can expect her back on Friday. We will
6 reconvene at 1:00.

7 (Thereupon, lunch recess was taken at 12:05
8 p.m. and reconvened at 1:05 p.m.)

9

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10 CHAIRMAN CLARK: We're ready to reconvene
11 the hearing. Go ahead, Mr. Lackey.

12 MR. LACKEY: Thank you, Madam Chairman.

13

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14

TIMOTHY T. DEVINE

15 resumed the stand as a witness on behalf of
16 Metropolitan Fiber Systems of Florida, Inc., and,
17 having been previously sworn, testified as follows:

18

CONTINUED CROSS EXAMINATION

19 BY MR. LACKEY:

20 Q Mr. Devine, just to sort of get it started
21 again, you have located a switch in Miami and you
22 intend to provide services to businesses located in
23 the Miami area; is that correct?

24 A Yes, as our target market.

25 Q Okay. Now, do you happen to know how far

1 south you can call from Miami and still be within a
2 local calling area?

3 A No, I don't know.

4 Q Okay. Would you accept, subject to check,
5 that Homestead can be reached from Miami and that's at
6 an approximate distance of 60 miles?

7 A Yes, subject to check. I'm not real
8 familiar with metropolitan Miami.

9 Q All right. Now, you will agree, won't you,
10 that the incumbent local exchange company, BellSouth
11 in this case, has an obligation to provide ubiquitous
12 service to everyone in the local calling area in that
13 area, correct?

14 A Yes.

15 Q But based on your market strategy you do not
16 intend to provide ubiquitous service within the Miami
17 local calling area, correct?

18 A No. We plan to provide ubiquitous service
19 in our certificated territory.

20 Q Which may not be as large as the local
21 calling area of BellSouth in the Miami area, I take
22 it?

23 A Yes, that's correct. Obviously, our network
24 initially is going to be considerably smaller than
25 BellSouth's.

1 Q Okay. So you would agree, wouldn't you,
2 looking at Exhibit 4 again, that it is entirely
3 possible because of the breadth of the local calling
4 area that the incumbent local exchange company has to
5 have numerous switches and interoffice facilities to
6 adequately serve every customer in the local calling
7 area and service, won't you?

8 A No, not completely.

9 Q Do you think that BellSouth can serve the
10 city of Homestead economically with a switch located
11 in Miami?

12 A I don't know if they could or not. But I'm
13 just, I guess I'm answering in the context of today's
14 architecture that BellSouth has, just because it's
15 there doesn't mean it is the architecture they should
16 have for now and in the future, it just happens to be
17 there.

18 Q But we can agree whatever the architecture
19 is, whatever the switches are, they are, they're
20 there, right?

21 A Yes.

22 Q It is the telephone network that's
23 developed, correct?

24 A Yes.

25 Q Now, would you agree, then, that it is

1 entirely possible that it costs more for BellSouth to
2 terminate a call --

3 A No.

4 Q -- in the -- pardon me?

5 A No.

6 Q Well, I guess I ought to finish my question.
7 Would you agree that it is entirely possible for it to
8 cost BellSouth more to terminate a call from Miami to
9 Homestead, a distance of 60 miles, than it would cost
10 MFS to terminate a call from its switch in Miami to a
11 business customer located in Miami?

12 A Yes. I mean, you're talking about apples
13 and oranges, a call between two places within Miami
14 from a call between Miami to Homestead, which you said
15 earlier was 60 miles.

16 Q All right. Let me assume that you have your
17 switch in Miami, you're up and operating, and your
18 customer, your business customer in Miami, calls
19 BellSouth's customer in Homestead. Would you agree,
20 given your prior answer, that in that case it would
21 cost BellSouth more to terminate the call to the
22 customer in Miami than if the call had gone the other
23 way and you had terminated it from your switch to your
24 business customer in Miami?

25 A Could you be a little bit more specific?

1 Q Surely.

2 What I'm trying to set up is a call between
3 a customer of yours, a business customer of yours in
4 Miami, located, let's say, within 100 yards of your
5 switch, okay? Your customer originating a call but
6 trying to reach a Bell South customer in Homestead,
7 some 60-odd miles away.

8 Now I'm going to set up two calls, one goes
9 from your customer to BellSouth's customer in
10 Homestead. The other goes from BellSouth's customer
11 in Homestead to your customer in Miami. Okay? Same
12 call, just going in different directions.

13 Will you agree that it is possible that it
14 costs BellSouth more to terminate your customer's call
15 than it costs you to terminate the BellSouth
16 customer's call?

17 A I wouldn't know how to be able to exactly
18 answer that question. I mean possibly there could be
19 some cost differences; but until I actually saw the
20 costs of the transport switching and the differences,
21 I don't know. So it would be hard to answer that
22 question, to have a detailed answer, to really know
23 it.

24 Q Okay. So it doesn't seem intuitively
25 correct to you that it might cost more to terminate a

1 call over a 60-mile distance than it does to terminate
2 a call over a 100-yard distance?

3 A It possibly could. I don't know, transport
4 has become less distance sensitive, and long distance
5 carriers now offer long distance calling flat rated
6 across the country and it is not distance sensitive;
7 so, you know, I don't know, it seems at least pricing
8 is less distance sensitive than it used to be.

9 Q Will you agree that two equally efficient
10 local exchange companies serving different
11 geographical areas can have different costs in
12 terminating a call between those two networks -- the
13 same call from the same two points?

14 A To clarify your question, would you mean
15 between, let's say, a BellSouth and a United
16 Telephone?

17 Q No. Will you -- let me rephrase the
18 question. Again, I'm trying to use Miami and
19 Homestead as the example.

20 Will you agree that if there were two
21 equally efficient local exchange companies, you in
22 Miami and let's just hypothesize BellSouth in Miami,
23 and Homestead, that it could cost more because of the
24 geography and the distance involved for BellSouth to
25 terminate the call from your customer to it than it

1 costs you to terminate BellSouth's call to your
2 customer?

3 A Yes, if the costing characteristics were the
4 same. If the costing characteristics were the same.

5 Q All right. Bill and keep makes no provision
6 for paying for reimbursing the carrier with the higher
7 cost for that difference, does it?

8 A Yes. I would say it does. Because
9 BellSouth is going to charge the revenues they have
10 from the prices from their customers, as is MFS with
11 the new entrants. So we're going to recover our costs
12 by charging our customers to send and receive calls,
13 just like cellular customers pay to send and receive
14 calls.

15 Q Good. Don't you agree or isn't it your
16 position that the introduction of local competition is
17 going to cause a dramatic increase in the use of the
18 local exchange network?

19 A Yes, there's going to be a significant
20 amount of market demand and a significant increase of
21 businesses and people located in Florida to take
22 advantage of those benefits.

23 Q Can BellSouth raise its basic residential
24 rate in the Miami area to cover the increased cost
25 associated with that increased usage on the local

1 exchange network?

2 A No, not through their basic service. I
3 believe those are supposed to be capped for a certain
4 amount of time. But I'm not an expert on that, but I
5 believe they're capped for a certain amount of time.
6 But they could recover that in other ways, I imagine.

7 I don't know how BellSouth does it now even
8 between other independents, I don't know how they
9 recover that cost. So maybe BellSouth, their witness
10 could tell us more about that, I don't know.

11 Q Okay. Let's talk about, since you raised it
12 just now, the relationship between BellSouth and other
13 independent telephone companies in Florida. You will
14 agree, won't you, that BellSouth and the other
15 independent telephone companies in Florida have
16 separate and distinct geographic areas that they
17 serve?

18 A Yes.

19 Q Okay. And that this Commission has from
20 time to time ordered EAS arrangements between the
21 geographical territory served by certain local
22 exchange companies and they have ordered the companies
23 to exchange that traffic as local traffic, correct?

24 A Yes. But I believe oftentimes the LECs
25 actually petition to be able to do that. I'm not sure

1 if the Commission actually instigated those situations
2 all the time.

3 Q Would you accept that in a lot of instances
4 it is the folks that are in the area served that
5 instigate such a proceedings?

6 A Excuse me, I didn't hear you.

7 Q Yes. Would you agree that in a lot of
8 instances it is actually the folks who live in the
9 affected area who instigate the proceedings?

10 A I believe communities sometimes push their
11 interests but I'm not exactly sure. I'm not an expert
12 in that area, so I'm really pushing the limits in
13 terms of speaking on that subject.

14 Q Okay. Now, when an EAS is ordered and
15 BellSouth terminates a call or calls for other
16 independent companies, they incur costs in terminating
17 those calls, right?

18 A Yes. Any network function that they have,
19 they would incur some costs, that's correct.

20 Q And under traditional rate-of-return
21 regulation BellSouth and the other LECs simply
22 recovered those costs from their own customers, didn't
23 they?

24 A Could you clarify "other customers"?

25 Q Sure. When BellSouth needed money, it would

1 file a rate case; it would demonstrate the right rate
2 base cost and so forth; and if the Commission found it
3 was warranted, it would adjust rates and make all of
4 Southern Bell's existing ratepayers pay for the costs
5 that were incurred in, say, terminating another IXC's
6 or another independent company's costs?

7 A Yes, generally that's how it works.
8 Although I don't know in detail in those proceedings
9 if BellSouth details their actual costs of terminating
10 calls for other LECs or if it is just put all in one
11 big bucket. So I'm not sure if they detail that. And
12 I guess that's some of the stuff that we would like to
13 see detailed is the actual cost to terminate those
14 kind of calls.

15 Q All right. Now, you're in business in New
16 York in the Borough of Manhattan. Correct? We've
17 established that.

18 A Yes.

19 Q As I understand it, you have tens of
20 thousands of voice grade customers in the Borough of
21 Manhattan in New York. Is that correct?

22 A Yes.

23 Q All right. Now, tell us about the bill and
24 keep arrangement you're on in the Borough of
25 Manhattan. Are you on a bill and keep arrangement?

1 A No, we're not on a bill and keep
2 arrangement. We will be on a bill and keep
3 arrangement in some other states that have initially
4 ordered bill and keep in the interim, but not New
5 York.

6 Q In New York -- New York is the place where
7 you have been in business the longest, almost two
8 years; is that correct?

9 A A little over two years.

10 Q You have tens of thousands of voice grade
11 lines?

12 A Yes.

13 Q And what you are doing is you're engaging in
14 paying compensation to the other LECs and receiving
15 compensation from them, you're not on a bill and keep
16 basis, correct?

17 A Yes.

18 Q Maryland, you're in business in Maryland.
19 You're not on a bill and keep in Maryland, are you?

20 A No, we're not.

21 Q And you're in business in Chicago and you're
22 not on a bill and keep basis in Chicago, either, are
23 you?

24 A No, we're not.

25 Q And, indeed, just what, a month or so ago,

1 you entered into an agreement with PacTel -- even
2 though you're not in business there yet unless you
3 have just gone in -- and you have agreed to pay
4 compensation there as well, as opposed to being on a
5 bill and keep arrangement, didn't you?

6 A Yes. It is compensation at rates that are
7 about half of what BellSouth has offered in Florida
8 and the rates are at equal and reciprocal and
9 identical levels.

10 Q And BellSouth, you don't dispute that
11 BellSouth has offered to pay you in this arrangement
12 your cost of terminating the call, do you?

13 A I don't know what our actual cost is to
14 terminate a call, but I imagine that what BellSouth
15 has offered I would hope that it recovers our cost. I
16 would think it would. I would hope that it would, but
17 I don't know definitively.

18 Q Is it correct that despite your position
19 before this Commission that you want bill and
20 keepcollect that the only reason you have been
21 pushing bill and keepcollect is to get into business
22 and you really prefer a per minute of use charge?

23 A Could you restate that question, please?

24 Q Okay, surely, I'll be happy to. Isn't it
25 true that in spite of your testimony in this

1 proceeding advocating a bill and keep approach that
2 the only reason you have been pushing bill and keep is
3 to get into business and you really prefer a per
4 minute of use charge?

5 A Yes, in general. But the context of this
6 proceeding I believe it says to establish interim
7 rates, I think that's the title of this actual
8 proceeding. And we looked at bill and keep as an
9 interim arrangement for compensation between carriers;
10 and during that time, the Commission and Staff will
11 get experience, and the carriers, as to the balance of
12 traffic and how everything works. And also during
13 that period if it were appropriate the Commission
14 could order LECs to file long-run incremental cost
15 studies to develop a per minute of use rate that would
16 be used in the long term.

17 So in the context of this proceeding, as we
18 understand it, it is an interim, to establish interim
19 rules, and that's why we have been pushing bill and
20 keep. And then long term going with a per minute of
21 rate use.

22 COMMISSIONER DEASON: Let me interrupt just
23 a second.

24 MR. LACKEY: Yes, sir.

25 COMMISSIONER DEASON: When I read your

1 testimony I got the impression that you felt that it
2 was an unnecessary cost to have a minute of use
3 arrangement and that -- along with the measurement and
4 the auditing and verification that goes along with
5 that. And that to minimize costs and therefore
6 minimize rates in a competitive environment, you were
7 advocating bill and keep. I assumed that you were
8 advocating that in the long-term solution but what I'm
9 hearing today is that is just an interim solution.

10 WITNESS DEVINE: Yes.

11 COMMISSIONER DEASON: How do you then plan
12 to minimize costs in the long term with a minute of
13 use arrangement?

14 WITNESS DEVINE: What you said is correct.
15 I think as I even answered in a deposition the other
16 day is that we don't know -- and it might have been my
17 December 15 deposition, I don't know, I was reading it
18 last night.

19 But we don't know exactly, you know, what is
20 the best solution for all this. We have been in the
21 business a little over two years and we're starting to
22 get an idea of that. To get into business so
23 everybody can get into business faster and sooner and
24 not worry about the issues you just mentioned about
25 billing and collection and auditing and all those

1 things, that you go with bill and keep for, let's say,
2 18 months or so, as I've said in some depositions.

3 And during that 18-month period, the
4 Commission and Staff examine what is going on, see if
5 things are balanced, find out how everything operates,
6 if it is acceptable, and then at that time open up the
7 docket again to determine does bill and keep work or
8 should we go with a per minute of use rate? And
9 should it be incremental cost, should it be switched
10 access, what should it be?

11 So, I mean, I'm being real honest with you,
12 we're still learning exactly what is the best
13 solution. And we really are the only company doing
14 comprehensive local service in New York and other
15 cities, and we're just really kind of learning more
16 about it, to be honest with you.

17 COMMISSIONER DEASON: Thank you.

18 Q (By Mr. Lackey) Do you have a copy of your
19 testimony in front of you?

20 A Direct or rebuttal?

21 Q Direct would be fine.

22 A Excuse me?

23 Q Direct will be fine. Either one, I don't
24 care.

25 Q Yes.

1 Q Does it have a caption on it? Does it
2 say --

3 A Yes.

4 Q Would you read the caption and see if it
5 says anything about "interim rate"?

6 A No, I don't see it there. I think I read, I
7 thought I saw that on the, maybe, prehearing? Or
8 maybe I'm misinterpreting it. It's just my thought,
9 maybe I'm thinking something differently than reality.

10 Q Can you point me -- I'm sorry, are you
11 through? I didn't mean to cut you off.

12 A That's been my thought of this whole thing.
13 Maybe that's really just MFS's thought and not the
14 actual end result that the Commission is trying to
15 achieve.

16 COMMISSIONER KIESLING: Could I ask one
17 thing? Where in your prefiled do you talk about it
18 being an interim, that you are looking for bill and
19 keep on the interim?

20 WITNESS DEVINE: I didn't -- in the prefiled
21 and rebuttal I don't. I did it for the first time it
22 would have been at my Staff deposition on December 15.

23 COMMISSIONER KIESLING: Okay. For those of
24 us who don't have that yet, there's no way until you
25 just sit it here that we could have known that somehow

1 you felt this was an interim mechanism.

2 WITNESS DEVINE: Okay, sorry. It's just, I
3 mean, like I said, we're still learning. And we
4 thought if -- and a lot of other states have adopted
5 it. You go with bill and keep for the first year or
6 two years or whatever and see how things operate; and
7 if it makes sense, then you keep going with it. If it
8 doesn't, then you think of another solution.

9 COMMISSIONER KIESLING: Thank you. I'm
10 just, this was a surprise to me. So it is kind of
11 hard for me to follow your testimony and your position
12 when I'm reading your prefiled and I'm reading the
13 prehearing statement and I'm reading all the things
14 that I have available to me and nowhere in there do
15 you say that. And then you sit here and say it today
16 and I'm like, "So where did this come from?"

17 WITNESS DEVINE: Sorry about that. If you
18 wanted, we could make available my opening statement.
19 That talks about that, too.

20 COMMISSIONER KIESLING: I heard your opening
21 statement. But that was here today. It didn't allow
22 me to prepare anything for that concept.

23 WITNESS DEVINE: Okay. I guess we are -- I
24 mean, in terms of this case, we think, you know, that,
25 look, if the Commission were to order something that

1 they should order bill and keep and then keep the
2 docket open to further refine where they think things
3 should be after further analysis in a year or two.

4 So I guess I don't believe I did say that in
5 my direct or rebuttal, so I guess I kind of -- like I
6 said, we are learning more and more as we go on and
7 that's just how this is. It is pretty new stuff for
8 everybody, I think.

9 COMMISSIONER KIESLING: Thank you.

10 MR. LACKEY: Madam Chairman, Commissioner
11 Kiesling asked my last question. Thank you.

12 CHAIRMAN CLARK: Thank you, Mr. Lackey.
13 Staff?

14 MS. CANZANO: Staff has questions.

15 **CROSS EXAMINATION**

16 BY MS. CANZANO:

17 Q Good afternoon, Mr. Devine. Staff would
18 like to ask you some questions regarding the type of
19 network your Company currently has in Florida. In
20 general terms, could you give us a brief summary of
21 the type of equipment your Company uses in your
22 overall network architecture.

23 A Generally, what we deploy is a fully
24 fiber-optic operating network. So we would go and
25 build a large backbone network that connects different

1 long distance carrier locations, different central
2 office wire centers of the LEC, and different
3 buildings or locations within the metropolitan area.
4 And off of that backbone, we start to have additional,
5 you know, fiber-optic connections over the backbone
6 that would go into different customer locations off of
7 there.

8 And in Miami currently, we have a switch
9 that's providing long distance service, so the
10 fiber-optic network would be connecting to the switch
11 for local service once we had all the operational
12 arrangements and agreements finalized.

13 Q Is it correct to say that then that your
14 cabling facilities are 100% fiber-optic?

15 A Generally, yes, that's what we would do is
16 pretty much 100% fiber-optic for the backbone. And
17 then we would buy unbundled loops from BellSouth or
18 whoever the LEC is to connect to some customer premise
19 locations. And some of that would be copper plant,
20 but generally our plant is fiber-optic cable.

21 Q Does your Company use any wireless
22 facilities in its network?

23 A No, we do not.

24 Q In your opinion, is your Company's network
25 architecture similar or different than that of a cable

1 television company?

2 A I would say it is significantly different.

3 Q Could you please explain.

4 A Generally, cable networks, they have like
5 hub locations where they haul customers back into, so
6 more like maybe a STAR type network. And we have more
7 of a RING type network.

8 I believe some of the cable companies are
9 probably starting to try to build their backbones more
10 in a RING environment, but traditionally they're more
11 in a STAR type configuration. And they have multiple
12 STARS that are in a hierarchy that connect back into
13 larger hub location.

14 Q What is MFS's overall network plan for the
15 future? In other words, what should your network look
16 like in five years?

17 A To answer that in terms of history -- and I
18 would think it would continue -- if you go to, let's
19 say, Chicago or New York where we started a lot
20 earlier than Florida, initially when I started with
21 the Company in 1989, we had 28 buildings in downtown
22 Chicago with service. And we've continued to expand
23 rapidly, and now we have over 200 locations with fiber
24 into buildings in metropolitan Chicago.

25 In New York in New York City we started the

1 same way and now we're up to hundreds of locations
2 into New Jersey, going out into Long Island and
3 Westchester County.

4 So as we get more economies of scale and
5 once we turn a profit -- we actually have been losing
6 money since we have been in business -- we're going to
7 continue to expand our network out and make it as
8 ubiquitous as possible to reach as many subscribers as
9 we can.

10 Q If two ALECS are collocated in the BellSouth
11 office, should those be able to interconnect with one
12 another?

13 A Yes, we feel they should be able to.

14 Q And why do you believe that?

15 A In New York, this was recently ordered that
16 two ALECs could cross-connect each other in the same
17 wire center.

18 The reason we believe they should be able to
19 is if they're each buying virtual collocation service
20 from BellSouth, which is a currently tariffed service,
21 if we're buying virtual collocation service from
22 BellSouth and we want to buy a cross-connection
23 service from them that cross-connects our network to
24 their network, then we should be able to do that.

25 It's a service -- you know, they offer

1 cross-connects and they offer collocation; so we are
2 just wanting to connect with, let's say, MCI Metro or
3 whomever. I know Bell has proposed we have to go
4 through their switch and they're going to charge us an
5 additional switching charge; and we just don't see
6 technically, if there's not a need to go through their
7 switch, why do it? And economically it drives up the
8 cost of connect.

9 Q If two ALECs were permitted to interconnect
10 within a Bell South central office, would it be
11 reasonable to require that they must first be
12 interconnected with BellSouth?

13 A We would propose yes. I don't know what
14 other parties would think, but we would propose that
15 they should be. But Bell provides T1 services and
16 different services. So if, let's say, two parties
17 weren't collocated at a wire center but they wanted to
18 buy a circuit to the wire center, each of them, then
19 they should be able to cross-connect. There shouldn't
20 be any reason why they shouldn't be able to.

21 Q Attached to Mr. Scheye's rebuttal testimony
22 is an exhibit that's titled "Stipulation and
23 Agreement." It is the FCTA-Time Warner agreement.
24 Are you familiar with the stipulation agreement that
25 has been signed by BellSouth and a number of parties

1 to this docket?

2 A Yes, I am.

3 Q Has MFS signed this agreement?

4 A No, we have not.

5 Q Was MFS invited to participate in the
6 negotiations of this stipulation and agreement?

7 A Well, when I first saw the agreement, Paul
8 Kouroupas of Teleport, who I think might have been
9 Teleport's witness when they first had their petition,
10 when I first heard it and saw it, Paul Kouroupas faxed
11 it to me a few days before they were going to sign it
12 with BellSouth. So I had never seen it until days
13 before they were going to execute the agreement with
14 BellSouth.

15 Once they were prepared to execute it,
16 Kouroupas actually called me to get me to try to sign
17 on to it. And I told him at the time our concerns
18 about some of the issues, it didn't address a lot of
19 things we had asked for.

20 So then I called Bob Scheye at BellSouth. I
21 said, "Gee, you know, I heard about this agreement,
22 Kouroupas sent it to me, what's going on?"

23 And then he ended up, he sent me one or two
24 updates of it. And that's when it started, when I
25 first started to see the agreement. And I think what

1 was executed by the cable parties is pretty similar to
2 what the Teleport agreement was.

3 Q Do you have in front of you a set of three
4 documents assembled by Staff? It would be what Staff
5 proposes as exhibits. That would be we have
6 internally called them at the bottom right-hand corner
7 TTD-1, -2 and -3. They should be on the top of the
8 exhibit stack.

9 A Yes, I have TTD-1, -2 and -3.

10 Q Okay. Have you had a chance to review these
11 documents? They consist of TTD-1 is the deposition
12 transcript from December 15; Staff's interrogatories
13 to MFS -- your responses to Staff's interrogatories 1
14 through 21 and PODs 1 through 3, and responses to
15 BellSouth's first set of interrogatories as numbered.
16 That's TTD-1.

17 A Yes.

18 Q And also TTD-2 is the January 5th deposition
19 transcript. And TTD-3 is the December 15th late-filed
20 deposition exhibit. These are just internal
21 identifications that Staff has.

22 CHAIRMAN CLARK: None of -- well --

23 MS. CANZANO: You don't have copies of
24 these?

25 CHAIRMAN CLARK: Three Commissioners don't

1 have 2.

2 MS. CANZANO: You don't have No. 2? It is
3 at the bottom of the stack, I think.

4 COMMISSIONER KIESLING: It is not in order?

5 MS. CANZANO: We just received this
6 transcript and had it copied yesterday when we had
7 copied the other exhibits earlier.

8 Q (By Ms. Canzano) Are these documents true
9 and correct?

10 A Yes.

11 Q Regarding the discovery responses, did you
12 prepare or have prepared under your direction these
13 responses?

14 A Yes.

15 Q Do you have any corrections to make to these
16 documents?

17 A No.

18 MS. CANZANO: Commissioners, at this time I
19 would like to have each of these marked for
20 identification as exhibits.

21 CHAIRMAN CLARK: Exhibit TTD-1 will be
22 Exhibit 5. TTD-2 will be Exhibit 6. TTD-3 will be
23 Exhibit 7.

24 (Exhibit Nos. 5, 6 and 7 marked for
25 identification.)

1 Q (By Ms. Canzano) Mr. Devine, in response to
2 Staff's first set of interrogatories to MFS Florida,
3 Item No. 18, you state that procedures for the
4 processing and billing of interim number portability
5 should be established by the Commission in this
6 proceeding; is that correct?

7 A . Excuse me, I want to try to find that?
8 Which?

9 Q It is Item No. 18. It is on the Bates
10 stamped Page 109.

11 A I believe I found that Item No. 18.

12 COMMISSIONER KIESLING: What page?

13 MS. CANZANO: Page 109.

14 COMMISSIONER KIESLING: Thank you.

15 A Yes, I have it in front of me.

16 Q (By Ms. Canzano) Are you referring to
17 procedures which address only the financial and
18 operational arrangements for interexchange calls
19 terminated to a number that has been forwarded to the
20 respective ALEC or all procedures regarding number
21 portability?

22 A This is just the arrangement for the
23 compensation associated with interim number
24 portability calls that go from the BellSouth tandem to
25 the new entrant ALEC. So this does not address other

1 interim number portability issues that I tried to get
2 addressed in the interim number portability
3 stipulation discussions.

4 Q You stated previously that MFS recently
5 negotiated an interconnection agreement with Pac Bell
6 in California; is that correct?

7 A Yes.

8 Q On Page 4 of your rebuttal testimony you
9 state that MFS is not completely satisfied with every
10 aspect of that Pac Bell agreement but that you signed
11 it in order to be able to begin competing for local
12 service beginning January 1, 1996. Is that correct?

13 A Yes.

14 Q If bill and keep is implemented as the
15 interconnection arrangement, does MFS Florida propose
16 to have the same local calling areas as the incumbent
17 LEC?

18 A Yes. Initially, which I think would
19 probably go for a fair amount of time, we would have
20 identical calling areas, just as a practical matter.

21 Q Could you be more specific in your response.

22 A Yes. Our calling areas initially, and I
23 would say -- although I'm not in the business
24 marketing department, I would think for the first few
25 years would probably be identical to BellSouth's.

1 And really that's to simplify the
2 operational, get into business. When you go to sell,
3 you know, "Here's my apple, here's their apple," it
4 kinds of looks the same, just to simplify things.

5 Q In that situation is there a problem
6 distinguishing between local and toll calls for
7 BellSouth?

8 A No, there would not be a problem with that
9 at all.

10 Q Why not?

11 A We would, by defining our calling area, we
12 would get NXX codes identified in the local exchange
13 routing guide, and those would be available to
14 BellSouth. And BellSouth would be aware of our
15 calling area and our NXXs so as to be able to
16 determine pricing and rating just as they do
17 themselves in their own network.

18 Q If your calling area is different than the
19 local exchange company, as might happen in the future,
20 would there be a problem distinguishing between local
21 and toll calls for BellSouth?

22 A Not if we properly identified our local
23 calling area and if it were updated in the LERG, Bell
24 would be able to procedure identify those call types.

25 I mean, it is really their billing system to

1 identify those. I think maybe they may have a concern
2 about, you know, they have a different cost or maybe
3 rating for different type customers.

4 Q Could you please explain what the LERG is?

5 A It is a local exchange routing guide. And
6 all local exchange carriers, you know, update it that
7 define where their like switching points and rating
8 points are.

9 We, ourselves, as a new LEC, we have on line
10 access to it and we update it just like BellSouth
11 updates it themselves. So it identifies your rating
12 locations, switching points and things like that for
13 local calling and also for IXCs, for long distance
14 carriers, for where to point calls to and traffic and
15 all those kinds of things.

16 Q Are you familiar with the acronym PLU?

17 A Yes, percentage local use.

18 Q Please explain what that is.

19 A That's something that we're using right now
20 in the states that we're operating in where you have
21 to -- the originating carrier, the carrier that are
22 originates a call. So let's say if MFS sends calls to
23 BellSouth, MFS would provide on a quarterly basis a
24 percentage breakdown between calls that we send
25 BellSouth that are local calls and that are toll

1 calls.

2 So BellSouth would take those percentages
3 and apply them to the total local and toll minutes
4 that they receive and thus render a bill to MFS for
5 those calls. And, likewise, BellSouth would do the
6 same thing with us: They would have a percentage of
7 the calls that they would identify as local and a
8 percentage that are toll, and they would send us those
9 percentages and we would apply them against the
10 minutes of use and the rate and render them a bill.

11 It is similar to what is used by the IXCs
12 now for a percentage of interstate and intrastate
13 calling. So it is a practice that is commonly used,
14 commonly accepted; and there's even procedures, I
15 believe, for auditing and things like that.

16 Q In your opinion will the PLU solve the
17 jurisdictional problems for both originating and
18 terminating traffic calls?

19 A Yes. Because each of of us are going to
20 provide each other our percentage of local and toll
21 usage and whatever other kind of usage IXCs. We're
22 doing it now in other states and it works. It's not
23 an issue. NYNEX in New York and Massachusetts openly
24 accepted to do it in an agreement.

25 Q If BellSouth's switched access

1 interconnection arrangement is implemented, does MFS
2 propose to have the same local calling areas as the
3 incumbent LEC?

4 A We really haven't got that far. I mean, I
5 would say probably. But we haven't really tried to
6 solve that question. I would say in any case
7 initially we would probably mirror their calling area.

8 Q Does MFS have a LATA-wide interconnection --
9 COMMISSIONER DEASON: Let me interrupt just
10 a second. Explain to me the relevancy of a percentage
11 of use in conjunction with a bill and keep
12 methodology.

13 WITNESS DEVINE: If it were bill and keep,
14 then you probably wouldn't have to do percentage of
15 use. Well, actually, no, if you put, as we have
16 proposed and a lot of LECs and BellSouth in
17 discussions have said it wouldn't be a problem, is put
18 local and toll calls on the same trunk group you still
19 would want to identify what percent are local and toll
20 out of those calls, so you probably would still do a
21 PLU even with bill and keep.

22 COMMISSIONER DEASON: But would it affect
23 the compensation?

24 WITNESS DEVINE: Well, it wouldn't in the
25 effect that let's say we had 100 calls I sent to

1 BellSouth, 70 were local, 30 were toll calls. If
2 there were a different, if there's a two-tier
3 structure for local and toll? I would pay BellSouth
4 for those 30 toll calls at the toll rate and the 70
5 local calls would be at the bill and keep compensation
6 arrangement. So I could still do a PLU for those
7 because they would be on the same trunk group. So we
8 probably would want to identify actual total number of
9 minutes and calls on those trunk groups and break them
10 down between local and toll.

11 COMMISSIONER DEASON: Under the bill and
12 keep methodology why would that be necessary?

13 WITNESS DEVINE: If you did bill and keep
14 for LATA-wide calling, for local and toll calling, for
15 POTS calls between subscribers, which we have
16 advocated for, then you wouldn't need to exchange
17 PLUs.

18 So if you take what they have done in New
19 York where the New York Commission has ordered
20 LATA-wide compensation at a per minute of use rate, if
21 you had LATA-wide compensation in Florida between LECS
22 for local calls, local POTS between two end users and
23 a LATA, then you would not need PLUs at all for that.

24 Q (By Ms. Canzano) Well, that's perfect for
25 my next question.

1 Even with the LATA-wide rate, BellSouth
2 states there are still problems distinguishing between
3 local and toll with calls that originate on a
4 BellSouth network and terminate to an ALEC network.
5 Would you agree or disagree with that?

6 A I would say I would disagree. BellSouth in
7 that statement in the cable agreement, we circulated
8 that around to a few people in our Company. And now
9 everybody looks at it and goes like, you know, "What
10 are they talking about? That's ridiculous. Make them
11 show us why."

12 Because, for one, they're going to do PIUs.
13 Two, if we have separate identification for IXC type
14 access stuff?

15 So I know BellSouth, when I talked to Bob
16 Scheye about it, he talked about, "Well, gee, for IXC
17 calls I'm not going to know." That's like if they're
18 identified on separate trunk groups and they're
19 separating for IXC calls, yes, you are going to know.

20 So I have never understood the logic of why
21 it's in there. I have showed that to a couple of
22 experts in our Company and they're totally dumbfounded
23 why BellSouth wants to turn around and charge us
24 originating access for calls that they can't figure
25 out what jurisdiction they are.

1 Q In Mr. Scheye's rebuttal testimony on
2 Page 5, starting on Line 6, he discusses that with
3 bill and keep there is no mechanism for recovery of
4 the costs associated with termination of local calls.
5 Would you agree or disagree with that assertion?

6 A I would not agree. Because BellSouth
7 charges its customers for lines and for calling and
8 toll calling.

9 I mean, calls are flat-rated here in Florida
10 and BellSouth recovers that cost through their line
11 rates. So by charging customers to have local service
12 at BellSouth, BellSouth is receiving revenue from that
13 customer and therefore being compensated.

14 Especially, I think, as Mr. Lackey pointed
15 out earlier, he crossed me on questions about, "How
16 does a LEC recover revenue for calls they terminate
17 for other independents?" And I suggested that they
18 recover that through their customers, and we kind of
19 got on to further questions about the rate base.

20 So it is obvious that BellSouth would
21 recover that through their customers; as if we did
22 bill and keep with BellSouth, we would be recovering
23 that cost from our rate base and our customers.

24 Q On Page 8 of Mr. Scheye's rebuttal
25 testimony, he states that the access tandem could be

1 involved in a call between two ALEC end users where no
2 BellSouth customer is involved. Is it correct to say
3 that a bill and keep interconnection arrangement would
4 provide no cost recovery mechanism in this situation?

5 A No, I don't agree with that statement.
6 Because in that environment if two ALECs could
7 cross-connect a DS-1 circuit, let's say at a wire
8 center, then they're not going to go through the Bell
9 tandem switch. They have no need to go through the
10 Bell tandem switch. So in that event, Bell would not
11 be worried about recovering anything but their
12 cross-connect charge that they are going to charge the
13 new entrants.

14 But secondly, in terms of BellSouth, if
15 there were a call between two new entrants -- let's
16 say if MCI and MFS were to exchange a call and for
17 some reason we did not have direct trunks
18 cross-connected to MCI. If we did switch a call
19 through BellSouth's tandem to get to MCI, we would not
20 have a problem at all with paying an intermediary
21 switching charge which we proposed at two cents a
22 penny and BellSouth actually proposed the same rates.
23 But BellSouth also wanted to collect, in addition to
24 the two cents, they wanted to collect the tandem
25 switching charge.

1 So we felt BellSouth was double dipping in
2 terms of revenue because they were going to collect
3 intermediary switching charge plus a tandem switching
4 charge. Whereas, if I sent a call to MCI and I went
5 through BellSouth's tandem, MCI is not going to get
6 the reciprocal compensation, they're just going to get
7 the local fees.

8 MS. CANZANO: Staff has no further
9 questions.

10 CHAIRMAN CLARK: Commissioners? Redirect.

11 MR. FALVEY: Before I begin my redirect, I
12 would like to introduce two additional exhibits which
13 just arrived. One of them was a subject of
14 discussion in the prehearing conference on January 5,
15 it is one page from the testimony of another party,
16 Paul Kouroupas, on behalf of Teleport.

17 I believe at the prehearing conference on
18 January 5 it was agreed between the parties that this
19 one page would be admissible.

20 If there is no objection, this is Page 33 of
21 Paul Kouroupas' direct testimony and I would like to
22 have it marked as an exhibit.

23 CHAIRMAN CLARK: You indicated there was
24 agreement at the prehearing conference?

25 MR. FALVEY: Right. At the time, it was in

1 the context of the discussion of what testimony would
2 you like to offer. And rather than offering large
3 portions of our testimony from that docket, it was
4 agreed that this one page would come in.

5 CHAIRMAN CLARK: All right. Page 33 of Paul
6 Kouroupas' testimony in -- I guess it is prefiled
7 testimony in 950985 -- will be marked as Exhibit 8.

8 (Exhibit No. 8 marked for identification.)

9 MR. FALVEY: I have a second exhibit I would
10 also like to introduce at this time. I would like to
11 ask Mr. Devine a few questions about this exhibit.
12 Maybe we ought to wait until everyone has a look at
13 it. I would like to get it marked.

14 MS. CANZANO: Excuse me, we had this marked
15 for identification already.

16 MR. FALVEY: Did you?

17 MS. CANZANO: Yes.

18 MR. FALVEY: Okay.

19 MS. CANZANO: It would be Exhibit 7.

20 MR. FALVEY: Okay. If I could just ask
21 Mr. Devine a few questions on this exhibit.

22 CHAIRMAN CLARK: Well, we're not going to
23 mark it as Exhibit 9. Tell us what page it is on
24 Exhibit 7 and we'll do it that way.

25 MR. FALVEY: That makes sense.

1 MS. CANZANO: It is the only page.

2 CHAIRMAN CLARK: Okay, go ahead.

3 MR. LACKEY: Wait a minute.

4 MR. FALVEY: Mr. Devine --

5 CHAIRMAN CLARK: Just a minute, Mr. Falvey.

6 Go ahead, Mr. Lackey.

7 MR. LACKEY: Madam Chairman, I don't see how
8 on redirect he can examine his own witness on an
9 exhibit that nobody else has addressed in this cross
10 examination.

11 MR. FALVEY: If I could explain what I am
12 requesting to do at this point? I am requesting to
13 simply lay the foundation for an exhibit while my
14 witness is still on the stand. And I'm not sure, I
15 really don't want to have to dwell on this any more
16 than I have to.

17 My office is closed, my office has been
18 closed for three days, the federal government is
19 closed, this exhibit physically just arrived. And all
20 I expect to do is just lay the foundation for this
21 exhibit.

22 CHAIRMAN CLARK: Well, the Staff has already
23 had it identified as an exhibit. He indicated these
24 are documents he's aware of.

25 MS. CANZANO: Yes. What we were talking

1 about is Exhibit 7, right?

2 CHAIRMAN CLARK: Right.

3 MS. CANZANO: Yes.

4 MR. LACKEY: I don't intend to object to
5 either the page out of the testimony, which I agreed
6 to at the prehearing, or the Staff's exhibit, which is
7 the other document he passed out.

8 MR. FALVEY: Or as to what this represents
9 in terms of what it says on the paper? I was going to
10 have him explain what this exhibit is about; but if no
11 one is going to object at a later date that they don't
12 understand it or there is something unclear about this
13 exhibit, I am more than happy to let this lie.

14 MR. LACKEY: It is in his deposition which
15 is incorporated in the exhibit.

16 MR. FALVEY: Okay. That's fine. We talked
17 about it in the deposition, so we'll leave it as that.
18 I'll move on to some brief redirect.

19 CHAIRMAN CLARK: Okay.

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REDIRECT EXAMINATION

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BY MR. FALVEY:

Q Mr. Devine, did BellSouth in negotiations with MFS leading up to this proceeding ever offer a proposal that did not include a universal service arrangement?

A No, they did not.

Q So it is fair to say that every proposal that you have received from BellSouth includes the universal service -- some universal service provision?

A Yes, that is correct.

Q And did BellSouth in negotiations ever offer what I would call a discrete agreement on any of the particular technical operational financial arrangements? And I would give as an example E-911/911 arrangements?

A No, nothing other than what was in their stipulation that they signed with some of the other parties.

Q Have you in your experience ever negotiated such an arrangement that dealt exclusively with a subset of the overall interconnection issues?

Let me rephrase that question, I'm not sure it was clear.

In your experience, have you ever negotiated

1 an agreement with a LEC that dealt with a smaller set
2 of issues than the full universe of issues that were
3 at issue in the proceeding that you were involved in?

4 A Yes. I mean, we, at times, you know, you
5 tackle with what you can at the time. So yes, we have
6 tackled individual issues and then we have tackled
7 bigger issues in an agreement, certainly knowing that
8 more issues will come up since we are all learning
9 something about all this.

10 Q Can you name any states in which you have
11 personally negotiated agreements that covered less
12 than the full panoply of issues?

13 A Yes. In Connecticut, we executed, I
14 personally did, a stipulation that addressed in detail
15 a significant amount of issues but we could not get
16 agreement on technically how we interconnect
17 compensation for interconnection and compensation for
18 unbundled loops. So we all agreed and left those.
19 And there were another half dozen other issues, we
20 left those to be litigated in a commission proceeding;
21 and since that time, the commission up there has
22 rendered an order.

23 Q We've talked a little bit about what
24 BellSouth offered. Did you ever go to BellSouth
25 during the course of these negotiations and suggest or

1 recommend an agreement on a more limited subset of
2 issues than the entire universe of issues that are at
3 issue in this proceeding?

4 A Yes. And I oftentimes mentioned how in
5 Connecticut we got agreement on a lot of the key
6 issues that we could address; and the issues we
7 couldn't, we would take to hearing. Certainly that
8 simplifies things for the Commission in their
9 proceeding.

10 And that's the same kind of things I
11 mentioned numerous times with Mr. Bob Scheye, that we
12 try to at least get agreement on what we can; and what
13 we can't, we take to hearing. And that never came to
14 fruition. And I offered that many times from the
15 beginning of our discussions because I, as a practice,
16 I did that before and it seemed to work.

17 Q And just so the record is clear, are you at
18 this time willing to continue negotiating on such an
19 agreement that would cover some subset of the issues?

20 A Yes. I believe, you know, the Commission
21 previously, based on some decisions recently with the
22 cable stipulation and universal service or number
23 portability, that parties are free to negotiate
24 anything they want. And certainly I have told
25 BellSouth I wanted to continue to discuss the issues

1 with them.

2 I would hope that some of these, you know,
3 details that get into the minutia that are still
4 critical we could address before the Commission
5 renders a decision in this order, but we both have to
6 negotiate in good faith and work hard to get these
7 things worked out.

8 I think that would be a very wise thing to
9 do. And BellSouth, we've offered that to BellSouth
10 and I would think that they would be in agreement with
11 doing that.

12 Q Moving to another subject, does MFS
13 eventually plan to offer service beyond the Miami
14 metropolitan area?

15 A Yes. I believe even initially
16 out-of-the-gate service would be going north of Miami
17 and also in the Orlando area and in Tampa. So as soon
18 as we can get arrangements worked out with GTE, Sprint
19 and BellSouth, our initial service territory would
20 cover metropolitan Tampa, Miami and Orlando.

21 Q And do you expect that over time MFS
22 services offered in the Miami metro area will radiate
23 further out from the urban center than they are
24 currently available?

25 A Yes.

1 Q Or than they are planned to be available
2 within the first year of operations?

3 A Yes. I would liken our strategy similar to
4 how MCI has done it where initially they started with
5 private lines between St. Louis and Chicago and
6 rapidly they have grown to be a worldwide service
7 provider offering service to as many people they can
8 get on to their network.

9 So I think once we get economies of scale
10 and more investment and turn a profit -- hopefully
11 we'll become profitable in the future -- that we will
12 continue to expand our network and service as many
13 customers as we can. It is only our incentive, I
14 mean, once you get your infrastructure in place, the
15 incremental cost of adding subscribers is very low.

16 Q When the current Bell operating companies
17 throughout the country began operating, and this would
18 be a period of years ago, obviously, did they
19 immediately begin providing service throughout their
20 entire service area? Did they immediately begin
21 providing ubiquitous service?

22 A No, I don't believe so. But I'm not an
23 expert that far back.

24 Q Okay. Do you know if any other parties to
25 this docket proposed bill and keep on an interim basis

1 with a transition to long-run incremental cost?

2 A I believe a few parties maybe didn't
3 specifically hit that head-on but they kind of
4 referenced it. It seemed to me in reading AT&T's
5 testimony there was a hint towards that. Also in
6 McCaw's testimony. And while I didn't see it really
7 stick out at me in MCI's testimony, I think it
8 probably wouldn't be inconsistent.

9 I think our position is to get bill and keep
10 in place, to get everyone in business, and then after
11 18 months or two years the Commission evaluate how
12 things are. I think that may be something that's not
13 inconsistent with MCI. LDDS, seems to be -- at least
14 bill and keep seems to be consistent with their
15 position.

16 Q With respect to cost recovery for bill and
17 keep -- I'm sorry?

18 COMMISSIONER KIESLING: Let me ask a
19 question.

20 MR. FALVEY: Yes.

21 COMMISSIONER KIESLING: As to McCaw, MCI and
22 AT&T, can you cite to something in their direct
23 testimony or in their statement of position that
24 specifies --

25 WITNESS DEVINE: McCaw, in their statement

1 of positions, McCaw did. And in AT&T, I believe in
2 their testimony.

3 COMMISSIONER KIESLING: Yeah? Okay.

4 MR. MELSON: Probably not with MCI Metro.

5 WITNESS DEVINE: I don't have it with me;
6 but if you want, I can go --

7 MR. FALVEY: Can I provide some information?

8 COMMISSIONER KIESLING: No, the witness is
9 testifying.

10 MR. FALVEY: Fair enough.

11 WITNESS DEVINE: Would you like me to go --

12 COMMISSIONER KIESLING: No. The parties
13 just indicated that it was in AT&T's and McCaw's and
14 not in MCI's.

15 MR. TYE: That is the position that AT&T
16 took in its prehearing statement, Commissioner
17 Kiesling, and it is addressed in Mr. Guedel's
18 testimony.

19 COMMISSIONER GARCIA: Could you speak up? I
20 can't hear a word you said.

21 MR. TYE: I'm sorry, Commissioner.

22 That was the position that AT&T took in the
23 prehearing statement of A&T; and it is also addressed
24 in Guedel's testimony towards the end of his
25 testimony, I believe.

1 MR. HORTON: Commissioner Kiesling, just for
2 the record, McCaw took the position in the prehearing
3 that bill and keep appears to be the most appropriate
4 interim but we did not prefile any testimony on that.

5 MR. TYE: It's on Page 14 of Mr. Guedel's
6 prefiled testimony, we address that issue.

7 Q (By Mr. Falvey) Just one last question on
8 bill and keep. It is often referred to there's an
9 in-kind compensation component for bill and keep.
10 Does that refer to the free termination of calls as
11 between the two carriers?

12 A I wouldn't call it free termination of
13 calls. It would be the exchange of calls between two
14 carriers; and in terms of compensation, the carriers
15 are compensated by collecting revenues from their
16 subscribers. So that's how had they get compensated.

17 Q I think where I was going was that the
18 compensation is in kind; that there is and it is a
19 fact that the compensation is by the fact of by the
20 termination itself, by terminating the call to the
21 other party, you are compensating them for their
22 termination of your calls?

23 A Yes, that is correct.

24 MR. FALVEY: I have no further questions.

25 MR. LACKEY: Madam Chairman.

1 CHAIRMAN CLARK: Mr. Lackey.

2 MR. LACKEY: I'm terribly sorry, but I have
3 a personal problem with the record. May I ask, and I
4 apologize in advance, I think my problem will become
5 clear in just a moment. May I ask the witness two or
6 three questions whose point will be obvious?

7 CHAIRMAN CLARK: Go ahead, Mr. Lackey.

8 **RE CROSS EXAMINATION**

9 BY MR. LACKEY:

10 Q Mr. Devine, do you recall Mr. Falvey asking
11 you whether Southern Bell or BellSouth ever made a
12 settlement offer to you that didn't have a universal
13 access fund requirement with it?

14 A Well, I guess until the other day, Friday,
15 when you and I talked, and a couple other people. But
16 in terms of our formal discussions, no.

17 I mean, we've had negotiation discussions
18 with BellSouth since July 19th. And when I was at the
19 prehearing conference that was held for this docket a
20 couple weeks ago, I bumped into you and Ms. White at
21 the airport and we talked about the concept of trying
22 to settle things. And based on your earlier reference
23 to settlement, things like that, you felt strongly
24 about how these discussions became just settlement
25 discussions and were not appropriate to discuss on the

1 record.

2 So in the context of our formal negotiations
3 with BellSouth, anything they have ever provided us in
4 writing has always included the concept of universal
5 service. So not until when I had a discussion with
6 you at the airport a couple weeks ago and you started
7 to coin the discussions as settlement.

8 As I said, we're going to obviously want to
9 continue to suggest this with BellSouth.

10 Q You did not mean to suggest on the record
11 that I personally did not make a settlement offer to
12 you as recently as last Friday which did not have a
13 universal access fund requirement, did you?

14 A Could you restate that?

15 Q Yes, sir.

16 You did not mean to suggest on the record
17 that I did not as recently as last Friday make a
18 settlement offer to you which did not have a universal
19 fund access requirement in it?

20 A Last Friday, yes, we had a discussion. And
21 we provided you a document and we talked about not
22 having universal service in the discussions. But
23 yeah, I guess, okay, up until Friday, January 5th, you
24 have started to discuss about maybe not having
25 universal service in there. So I guess if I need to

1 correct myself on the record, that's true.

2 But our earlier, you seemed pretty concerned
3 about settlement discussions. And it seemed to be
4 identified earlier -- and I'm not a lawyer -- that
5 settlement, any settlement discussions in my mind just
6 started like last Friday. And before that, it was
7 business negotiations to reach an agreement based on
8 our statutory ability --

9 CHAIRMAN CLARK: Anything else, Mr. Lackey?

10 MR. LACKEY: Thank you for your indulgence,
11 I didn't no what to do about that.

12 CHAIRMAN CLARK: Did you want to do
13 reredirect?

14 MR. FALVEY: No, I have no further
15 questions.

16 CHAIRMAN CLARK: Okay. Exhibits.

17 MR. LACKEY: I move Exhibit 4, Madam
18 Chairman.

19 CHAIRMAN CLARK: Staff?

20 MS. CANZANO: Staff moves 5 through 7.

21 CHAIRMAN CLARK: Exhibit 4 and Exhibits 5
22 through 7 are admitted without objection. Mr. Falvey,
23 do you move Exhibits 2, 3 and 8?

24 MR. FALVEY: Yes.

25 CHAIRMAN CLARK: They will be admitted

1 without objection.

2 CHAIRMAN CLARK: Thank you, Mr. Devine.

3 WITNESS DEVINE: Thank you.

4 (Exhibit Nos. 2 through 8 received in
5 evidence.)

6 (Witness Devine excused.)

7 - - - - -

8 CHAIRMAN CLARK: Mr. Price.

9 MR. MELSON: MCI Metro calls Don Price.

10 CHAIRMAN CLARK: Mr. Price, you were
11 previously sworn?

12 WITNESS PRICE: I don't recall, Your Honor.

13 CHAIRMAN CLARK: Okay.

14 WITNESS PRICE: Apparently not.

15 CHAIRMAN CLARK: All right.

16 (Witness sworn.)

17 CHAIRMAN CLARK: Mr. Melson?

18 - - - - -

19 DON PRICE

20 was called as a witness on behalf of MCI Metro Access
21 Transmission Services, Inc. and, having been duly
22 sworn, testified as follows:

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DIRECT EXAMINATION

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BY MR. MELSON:

Q Mr. Price, would you please state your name and business address.

A Yes. My name is Don Price. My business address is 701 Brazos, B-R-A-Z-O-S, Suite 600, Austin, Texas, 78701.

Q Mr. Price, I think you need to get just a little closer to the microphone.

A All right, does that help?

CHAIRMAN CLARK: You could get closer.

WITNESS PRICE: Is it on?

Q (By Mr. Melson) By whom are you employed and in what capacity?

A I'm employed by MCI Telecommunications Corporation in the capacity of Regional Manager, Local Competition Policy, Southern Region, State Regulatory and Governmental Affairs.

Q Have you prefiled direct testimony in this docket dated November 13 and consisting of 15 pages?

A That's correct.

Q And have you also filed rebuttal testimony in this docket dated December 12 and consisting of seven pages?

A Yes.

1 Q And any other testimony that may have been
2 filed can be tossed in the the trash can; is that
3 correct?

4 A That's fair enough.

5 Q Do you have any changes or corrections to
6 either your direct testimony dated November 13 or your
7 rebuttal testimony dated December 12?

8 A Yes, one minor change to rebuttal testimony
9 dated December 12.

10 Q And what is that change?

11 A At Page 7, Line 1, towards the end of the
12 line, the word "even" should have a "t" added at the
13 end, so the word is now "event." No other changes.

14 Q With that correction, if I were to ask you
15 the same questions today that were in your direct and
16 rebuttal testimony would your answers be the same?

17 A Yes, they would.

18 MR. MELSON: Chairman Clark, I would ask
19 that those two pieces of testimony be inserted into
20 the record as though read.

21 CHAIRMAN CLARK: The direct prefiled
22 testimony of Mr. Don Price filed on November 13, 1995,
23 will be inserted into the record as though read. And
24 the prefiled rebuttal testimony of Mr. Don Price filed
25 on December 12, 1995, will be inserted in the record

1 as though read.

2 Q (By Mr. Melson) And there were two exhibits
3 attached to your direct testimony identified as DGP-1
4 and DGP-2?

5 A Yes.

6 Q Do you have any changes or corrections to
7 those exhibits?

8 A Yes, now that you mention it. Just to be
9 consistent with -- this is to --

10 Q Which exhibit are you referring to?

11 A It is stapled and I can't see it.

12 Q What does it look like?

13 A It is the diagram DGP-2. The term that's
14 used there in the middle of the page towards the lower
15 portion where it says "CLEC." to be consistent with
16 the terminology we've all been using in this docket, I
17 would change that to read "ALEC." So in both
18 instances it would say "ALEC, ALEC transit."

19 Q With that correction, is the information
20 contained on these exhibits true and correct to the
21 best of your knowledge and belief?

22 A That's true. I would make that change on
23 both pages of that exhibit.

24 MR. MELSON: Chairman Clark, I ask that
25 those two exhibits be marked as Composite Exhibit 9.

1 CHAIRMAN CLARK: They will be marked as
2 Composite Exhibit 9.

3 (Composite Exhibit No. 9 marked for
4 identification.)

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DIRECT TESTIMONY OF DON PRICE

ON BEHALF OF

MCI METRO ACCESS TRANSMISSION SERVICES, INC.

November 13, 1995

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Don Price, and my business address is 701 Brazos,
3 Suite 600, Austin, Texas, 78701.

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

5 A. I am employed by MCI Telecommunications Corporation as
6 Regional Manager, Local Competition Policy, Southern Region
7 State Regulatory and Governmental Affairs.

8 Q. WHAT ARE YOUR PROFESSIONAL QUALIFICATIONS AND
9 EXPERIENCE?

10 A. I have provided as Exhibit 9 (DGP-1) to this testimony a listing
11 of my professional qualifications and experience.

12 Q. HAVE YOU PREVIOUSLY PRESENTED TESTIMONY BEFORE THIS
13 COMMISSION?

14 A. Yes. Also, I have testified in a number of regulatory proceedings
15 in various states in the BellSouth and Southwestern Bell regions.
16 Included in Exhibit 9 (DGP-1) is a list of proceedings in which I
17 have presented testimony.

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

1 A. My testimony will describe MCImetro's position on, and urge this
2 Commission to require BellSouth to provide MCImetro with,
3 various services, functions, network elements, and business
4 arrangements that are necessary for the provision of ALEC service
5 by MCImetro. Each of these has been discussed in the
6 negotiations between MCImetro and BellSouth, although we have
7 to date been unable to conclude discussions on these issues.

8 Q. WHO IS MCIMETRO ACCESS TRANSMISSION SERVICES, INC.?

9 A. MCImetro Access Transmission Services, Inc. ("MCImetro") is a
10 wholly owned indirect subsidiary of MCI Telecommunications
11 Corporation, the certificated long distance provider. The creation
12 of MCImetro was announced by MCI on January 4, 1994. That
13 announcement stated that MCImetro was expected to invest \$2
14 billion in fiber rings and local switching infrastructure in major U.S.
15 metropolitan markets, and was the MCI subsidiary that will operate
16 as a local telecommunications service provider.

17 The 1994 annual report to shareholders of MCI
18 Communications Corporation stated that the planned capital
19 expenditures for MCImetro for 1995 were \$500 million. Since its
20 formation, MCImetro has obtained regulatory approval to provide
21 competitive local exchange services in 13 states, and has pending
22 applications for such authority in another 5 states.

23 On June 30, 1995, pursuant to s.364.337(6)(b), Florida
24 Statutes, MCImetro provided notice to this Commission of its
25 intent to provide alternative local exchange telecommunications

1 services. On October 11, 1995, this Commission issued its Order
2 No. PSC-95-1256-FOF-TX acknowledging MCImetro's intent to
3 provide alternative local exchange services effective January 1,
4 1996.

5 Q. WOULD YOU BRIEFLY SUMMARIZE THE NEGOTIATIONS THAT
6 TOOK PLACE BETWEEN MCIMETRO AND BELLSOUTH?

7 A. Yes. On July 18, 1995, MCImetro and BellSouth met to initiate
8 discussions on a variety of interconnection and unbundling issues.
9 Subsequently, at least four other face-to-face meetings and several
10 conference calls were held to explore whether agreement on these
11 issues was possible. Some of these issues are still under
12 discussion.

13

14 **What Are The Appropriate Arrangements For Trunking Between**
15 **MCImetro and BellSouth?**

16 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR TRUNKING
17 BETWEEN MCIMETRO AND BELLSOUTH?

18 A. MCImetro should have the option to use either one-way or two-
19 way trunks to interconnect with BellSouth for the interchange of
20 traffic. Schematic diagrams showing the basics of both one-way
21 and two-way trunking arrangements are shown in Exhibit 9
22 (DGP-2). From a traffic engineering perspective, one-way trunks
23 do not become efficient until the provider is able to place a certain
24 threshold volume of traffic onto that facility. On the other hand,
25 there are administrative issues which must be resolved for the use

1 of two-way trunks. Examples of such administrative issues are
2 billing system limitations and questions over ordering and sizing of
3 trunks. Because such issues can add significant complexity to
4 MCImetro's day-to-day operations at start-up, it may be that the
5 engineering inefficiencies of using one-way trunks are less than the
6 administrative inefficiencies of using two-way trunks. Thus,
7 MCImetro should have the option to utilize whichever trunking is
8 deemed to best suit its needs.

9 Also, the entity receiving traffic over these trunks should be
10 allowed to determine whether and how traffic is segregated. This
11 has implications in the area of recording and billing for certain
12 types of traffic. For this reason, MCImetro prefers that local and
13 toll traffic be placed on separate trunk groups. If BellSouth is
14 unable to separate traffic, however, a Percent Local Usage (PLU)
15 factor should be provided to permit application of the appropriate
16 charges by the terminating carrier on any toll traffic passed over
17 the interconnection.

18 I will discuss below the issue of signaling protocol on the
19 various types of trunks that MCImetro will require from BellSouth.

20

21 **What Are The Appropriate Signaling Arrangements Between MCImetro**
22 **and BellSouth?**

23 Q. WHAT ARE THE APPROPRIATE SIGNALING ARRANGEMENTS
24 BETWEEN MCIMETRO AND BELLSOUTH?

25 A. Signaling is how information on call processing is passed between

1 various network elements to permit facilities to be utilized when
2 needed, and rendered idle when not needed. The term "common
3 channel" signaling -- distinguished from "in band" signaling -- is
4 used to describe signaling which is accomplished via a network
5 separate from the network used to carry customers' traffic.
6 Currently, CCS7 (*common channel system 7*) is the state-of-the-art
7 signaling protocol. BellSouth should be required to provide CCS7
8 signaling on all trunk types which according to industry standards
9 support such signaling.

10 Also, because certain types of trunks utilize specific,
11 distinctive signaling, BellSouth should provide to MCImetro service
12 for 911 and operator services which are compliant with the
13 appropriate industry standards. Regarding 911, this would mean
14 that BellSouth should configure its 911 tandem to recognize
15 industry standard 911 signaling for the traffic originating from
16 MCImetro's switches. Similarly, because operator services traffic
17 has its own signaling protocol under industry standards, BellSouth
18 should be required to provide such signaling to MCImetro upon
19 request.

20

21 **What are the Appropriate Arrangements for Payment of Access Charges**
22 **on Interexchange Calls Terminated by IXCs to a Number That Has Been**
23 **"Ported" to MCImetro?**

24 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR PAYMENT
25 OF ACCESS CHARGES ON INTEREXCHANGE CALLS

1 TERMINATED TO A NUMBER THAT HAS BEEN "PORTED" TO
2 MCIMETRO?

3 A. MCImetro should receive access charges on interexchange calls
4 terminated to a number that has been "ported" to MCImetro. As
5 I noted in my testimony in the recent docket on temporary number
6 portability mechanisms, "the use of RCF as a temporary number
7 portability mechanism introduces administrative problems in
8 ensuring that the ALEC receives the appropriate terminating access
9 charges for toll calls placed to a "ported" customer."

10 As I described in that testimony, an interexchange call
11 placed to a "ported" customer of MCImetro will first go to
12 BellSouth, who would "terminate" the call to the central office that
13 previously served the customer. Then, using the RCF temporary
14 number portability mechanism, BellSouth would "re-originate" the
15 call to the telephone number assigned to the customer by
16 MCImetro. This example demonstrates that MCImetro, and *not*
17 BellSouth, would be performing the function of terminating the call
18 to the called party. BellSouth's billing systems would, however,
19 have concluded that the call was "terminated" by BellSouth at the
20 point where it was forwarded to MCImetro's network using RCF,
21 and BellSouth would seek to assess terminating switched access
22 charges on the carrier who had delivered the call to its network.

23 The only reason BellSouth is in the call path for the call --
24 and thus has the potential to assess terminating access charges --
25 is because of the RCF mechanism which it chose to recommend

1 for providing temporary number portability. A true database
2 solution for number portability would have routed the call directly
3 to MCImetro, recognizing that the call was to be terminated to a
4 MCImetro rather than to a BellSouth customer. Under a true
5 number portability solution MCImetro would be able to
6 appropriately bill the carrier without the type of administrative
7 complexities raised by the use of RCF as a temporary number
8 portability mechanism.

9 The Commission should also recognize that virtually every
10 party to the temporary number portability proceeding proposed
11 rates that were above BellSouth's economic costs of providing
12 RCF. Because BellSouth cannot claim that it has unrecovered
13 costs associated with the provision of RCF, it has no basis to claim
14 a right to any terminating access revenues to a number that has
15 been "ported" to MCImetro. If BellSouth collects any access
16 revenues for such calls, it should be required to remit all such
17 revenues to MCImetro.

18

19 **What Are the Appropriate Order Processing Arrangements Between**
20 **MCImetro and BellSouth?**

21 Q. WHAT ARE THE APPROPRIATE ORDER PROCESSING
22 ARRANGEMENTS BETWEEN MCIMETRO AND BELLSOUTH?

23 A. Intercompany procedures must be developed to support the
24 ordering of unbundled loops, interoffice facilities (including point of
25 interconnection ["POI"] arrangements and trunks), *interim number*

1 portability mechanisms (such as Remote Call Forwarding), and
2 customer listing databases which support the white pages
3 directory and directory assistance databases. These procedures
4 must support ordering in a "network of networks" environment.

5 The "back office systems" used by a company are almost
6 always automated. There are obvious reasons for such automation
7 such as operating efficiency, the need for automated interfaces
8 with billing systems, and the need to track the various work
9 processes at each step in turning up (or taking down) service. It
10 is easy to imagine the administrative nightmare that would result
11 if thousands of transactions each day were handled on a paper
12 basis. There would be no way to determine whether any progress
13 had been made in fulfilling a request for service, or if so, at what
14 stage of fulfillment that order was. And billing system errors
15 would be rampant because of the need to manually enter each and
16 every transaction separately from the taking of the order.
17 Therefore, BellSouth should be required to develop as soon as
18 possible, but in any event within one year, mechanized systems for
19 the ordering of unbundled loops, interoffice facilities, interim
20 number portability mechanisms, customer listing databases, and
21 any other service or function necessary for the interoperability of
22 BellSouth's and MCImetro's networks. Such mechanized
23 interfaces are used in the day-to-day interactions between LECs
24 and IXCs. Anything short of automated or mechanized
25 intercompany procedures would be unworkable.

1 **What are the Appropriate Arrangements for the Assignment of Central**
2 **Office ("NXX") Codes to MCImetro?**

3 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
4 ASSIGNMENT OF CENTRAL OFFICE ("NXX") CODES TO
5 MCIMETRO?

6 A. For MCImetro to be able to assign telephone numbers to its end
7 users, it must have access to NXX codes. BellSouth has
8 historically been the NXX code administrator within its nine-state
9 operating area. The issue of who should handle the administration
10 of numbering resources is the subject of a current Federal
11 Communications Commission investigation. It appears that most
12 industry players agree that number administration should be placed
13 in the hands of a neutral third party with no business interest in
14 how numbers are assigned. Until such a change is accomplished,
15 however, BellSouth should be required to nondiscriminatorily
16 provide NXX assignments to MCImetro on the same basis that
17 such assignments are made to other LECs including BellSouth.

18

19 **What are the Appropriate Arrangements for the Provision of 911 Service?**

20 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
21 PROVISION OF 911 SERVICE?

22 A. In addition to the 911 signaling requirement noted previously,
23 BellSouth should be required to cooperate with MCImetro to ensure
24 that MCImetro's customer data is in the proper format for inclusion
25 in the 911 Automatic Location Identification (ALI) database.

1 Customer data -- and specifically the street addresses -- are edited
2 against a database referred to as the master street address guide
3 ("MSAG")" to ensure that the uniform listing of street addresses.
4 This is so that emergency personnel will have a consistent
5 reference for every address to which they may be called to render
6 service. Thus, the public safety and welfare requires that
7 BellSouth either make the MSAG available to MCImetro, or
8 cooperate in the editing of MCImetro's customer data against the
9 MSAG for inclusion in the ALI database(s). For the same reasons
10 noted above with respect to ordering systems, BellSouth should be
11 required to permit MCImetro access to the same mechanized
12 systems Bell uses to edit customer data against the MSAG. That
13 access should be via a mechanized interface, and should be
14 provided as soon as possible. A reasonable time frame for Bell to
15 be able to furnish ALI data entry capability would be January
16 1, 1996 for paper copy. Then, within 30 days from that date, Bell
17 should furnish MCImetro with automated entry capability.

18

19 Also, BellSouth should be required to provide MCImetro with
20 reference data to assist in the configuration of interconnected
21 dedicated 911 trunks and to ensure that 911 calls are correctly
22 routed. The provision of such reference data should be provided
23 via a non-discriminatory tariff. Furthermore, BellSouth should
24 afford to MCImetro's 911 trunks the same level of priority service
25 restoration that it affords its own 911 trunks, and should notify

1 MCImetro of any scheduled outages that would affect 911 service
2 at least 48 hours prior to a scheduled outage, and communicate to
3 MCImetro immediately in the case of an unscheduled outage.

4

5 **What are the Appropriate Arrangements for the Support of Repair**
6 **Service?**

7 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
8 SUPPORT OF REPAIR SERVICE?

9 A. Intercompany procedures must be developed to support repair
10 services in a "network of networks" environment. As noted above,
11 the "back office systems" used by a company are almost always
12 automated, for obvious reasons of operating efficiency and the
13 need to track progress in isolating and clearing customer trouble.
14 *It would be an administrative nightmare if repair services were to*
15 *be handled on a paper basis. Neither company would be able to*
16 *determine whether any progress had been made in isolating or*
17 *clearing an incidence of trouble, or even whether someone had*
18 *been dispatched to work on a particular incidence. Therefore,*
19 *anything short of automated or mechanized intercompany*
20 *procedures would be virtually unworkable, and BellSouth should be*
21 *required to develop mechanized systems for such processes as*
22 *referral of trouble tickets and implement those systems as soon as*
23 *possible. BellSouth must also develop procedures that will permit*
24 *MCImetro to isolate trouble both on trunking facilities to the POI*
25 *and on unbundled network facilities -- such as loop facilities --*

1 leased from Bell. Otherwise, efforts to clear incidences of
2 customer trouble will be constrained by the lack of appropriate
3 intercompany procedures for testing of various network elements.
4 The absence of such procedures could create an undeserved
5 impression that MCImetro is not capable of providing high quality
6 service. Customers should be won or lost on the basis of fair
7 competition, and not as a result of the incumbent's failure to
8 implement appropriate procedures for handling of repair issues.

9

10 **What are the Appropriate Arrangements for the Provision of Directory**
11 **Assistance by MCImetro?**

12 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
13 PROVISION OF DIRECTORY ASSISTANCE BY MCIMETRO?

14 A. Directory Assistance ("DA") can be provided by entities other than
15 BellSouth. Indeed, BellSouth petitioned the FCC some time ago for
16 the ability to flexibly price DA on the basis that the service was
17 subject to competition. Thus, BellSouth should be required to
18 provide at least three options to MCImetro for the provision of DA
19 service. First, BellSouth should provide a "resale" option where
20 MCImetro would simply utilize BellSouth's DA service to provide
21 DA to MCImetro's customers. Second, BellSouth should provide
22 a database access option to MCImetro. Under a database access
23 arrangement, MCImetro would utilize its own operators, who
24 would be able to "access" the BellSouth DA database to obtain
25 listing information. Third, BellSouth should provide a database

1 purchase option to MCImetro. If these three options are available
2 to MCImetro, it will be able to determine which is the most
3 economic arrangement for the provision of DA services to its
4 customers.

5

6 **What are the Appropriate Arrangements for the Provision of White Pages**
7 **and Directory Assistance Listings?**

8 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
9 PROVISION OF WHITE PAGES AND DIRECTORY ASSISTANCE
10 LISTINGS?

11 A. MCImetro would be willing to provide its customer listings to
12 BellSouth. In exchange for providing that valuable asset to
13 BellSouth, BellSouth should include in its white pages and
14 Directory Assistance database(s) the listings of MCImetro's
15 customers at no charge. BellSouth could then refer to its directory
16 publishing affiliate the information it obtained, and that entity could
17 seek to market advertising and/or customized listing features to
18 MCImetro's customers. Such an arrangement is both
19 administratively simple and fair to all parties.

20 BellSouth should also be required to distribute the complete
21 white pages and yellow pages directories to MCImetro's customers
22 in the area covered by the directories, at no charge, at the same
23 time directories are distributed to its own customers. The expense
24 of a mass distribution would certainly be less than if BellSouth
25 were to attempt to determine which end users were (and which

1 were not) entitled to a copy of the directories. Subsequent to the
2 initial annual distribution, MCImetro's customers would be subject
3 to the same procedures and charges, if any, as BellSouth's
4 customers for obtaining copies of the directories.

5 An additional issue that must be considered in this context
6 is the data to be contained in the "informational" section of
7 BellSouth's white pages directory. BellSouth should be required to
8 include in that section of the white pages directory basic
9 information on MCImetro's services as well as its own. The
10 purpose of the "informational" section of the directory is ostensibly
11 to provide a readily accessible -- and neutral -- listing of
12 information to assist end users in using their telephone service.
13 This objective would be enhanced by including in that section data
14 on MCImetro's services. Also, there is for all practical purposes
15 only one "informational" section to which end users can go for
16 data on their telephone services. If BellSouth were to be permitted
17 to use what is purportedly an end-user oriented portion of the
18 directory to promote its services to the exclusion of others', it
19 would obtain a significant and undeserved market advantage.

20

21 **What are the Appropriate Arrangements for Busy Line Verification and**
22 **Operator Interrupt?**

23 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR BUSY LINE
24 VERIFICATION AND OPERATOR INTERRUPT?

25 A. If MCImetro chooses to utilize its own operators, BellSouth must

1 institute procedures to permit access by those operators to busy
2 line verification and operator interrupt for customers on BellSouth's
3 network. This is another interoperability issue in a network-of-
4 networks environment, and is important for MCImetro to be able
5 to offer a full range of services to its customers.

6

7 **What are the Appropriate Arrangements for the Provision of Billing and**
8 **Collection Services?**

9 Q. WHAT ARE THE APPROPRIATE ARRANGEMENTS FOR THE
10 PROVISION OF BILLING AND COLLECTION SERVICES?

11 A. There are numerous intercompany arrangements necessary for the
12 proper billing of services in a multiple provider environment. For
13 example, MCImetro must have the ability to validate calls placed
14 using alternative billing methods (i.e., bill-to-third-number and
15 credit card calls) where the customer is a BellSouth customer.
16 Such validation is accomplished via a line information database
17 ("LIDB"), to which MCImetro must have access on reasonable
18 terms and conditions. Likewise, procedures must be in place for
19 MCImetro to receive funds it is due for the handling of certain
20 types of calls (i.e., credit card calls) when the end user billed for
21 the call is BellSouth's customer. BellSouth should be required to
22 treat MCImetro like any other LEC for the clearing of such fund
23 transfers, through standard industry procedures and systems.

24 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

25 A. Yes, it does.

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DOCKET NO. 950985-TP
REBUTTAL TESTIMONY OF DON PRICE
ON BEHALF OF
MCI METRO ACCESS TRANSMISSION SERVICES, INC.

December 12, 1995

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Don Price, and my business address is 701 Brazos, Suite 600, Austin, Texas, 78701.

Q. ARE YOU THE SAME DON PRICE WHO PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. My testimony is in response to the testimony filed by Mr. Robert C. Scheye.

Q. BASED ON MR. SCHEYE'S TESTIMONY, DOES IT APPEAR THAT BELLSOUTH INTENDS TO RECOGNIZE ALECS AS CO-EQUAL CARRIERS IN A "NETWORK OF NETWORK" ENVIRONMENT?

A. No. Throughout Mr. Scheye's testimony, he indicates his view that BellSouth's role is to be a "provider" of services to ALEC "customers" and that BellSouth should be permitted to unilaterally decide what it should and should not offer to ALECs. By virtue of the enormous market power BellSouth possesses, such a view is of serious concern to MCImetro because it indicates that BellSouth intends to use its market power against MCImetro and other ALECs

1 to obtain an artificial competitive advantage, notwithstanding the
2 statutory directive to this Commission to prevent anticompetitive
3 behavior.

4 Q. AT PAGE 13 OF MR. SCHEYE'S TESTIMONY, HE DISCUSSES
5 WHAT HE CALLS "AN INTERMEDIARY FUNCTION." TO WHAT IS
6 HE REFERRING?

7 A. Mr. Scheye's reference is to a situation where traffic needs to flow
8 between two carriers that both interconnect with BellSouth but not
9 with each other. Mr. Scheye argues that BellSouth should not be
10 obligated to allow the carriers to interconnect through its network.
11 By virtue of BellSouth's historical position as the monopoly local
12 service provider, however, it is uniquely positioned to provide this
13 function, because it is interconnected with all carriers who provide
14 telecommunications services in its service territory: LECs serving
15 nearby territories, cellular carriers, and interexchange carriers.

16 Q. DO YOU AGREE WITH MR. SCHEYE THAT BELL SOUTH SHOULD
17 BE EXCUSED FOR ANY RESPONSIBILITY FOR SUCH TRAFFIC?

18 A. No. It is interesting that there is no good reason provided by Mr.
19 Scheye in support of his position. Mr. Scheye states (page 13)
20 that his objection to the use of BellSouth's facilities in this manner
21 is because no BellSouth customer is involved. However, Mr.
22 Scheye overlooks the fact that in the switched access
23 environment, interexchange traffic is frequently passed between
24 Bell's tandem and independent LECs' end offices where no
25 BellSouth customer is involved. There is no merit to Mr. Scheye's

1 objection.

2 If Mr. Scheye's position were adopted by the Commission,
3 BellSouth would be able to require, at its discretion, that all carriers
4 in a particular territory directly connect with each ALEC in that
5 area, thereby unnecessarily driving up the carriers' and ALECs'
6 operating costs. Such a result would be inconsistent with the
7 statutory objective of providing for the development of fair and
8 effective competition, and Mr. Scheye's position should therefore
9 be rejected.

10 Q. MR. SCHEYE DISCUSSES AT PAGES 15-16 THE TECHNICAL
11 ARRANGEMENTS FOR 911 INTERCONNECTION AND THE
12 PROCEDURES FOR EXCHANGE AND UPDATE OF ALEC
13 CUSTOMER DATA. WHAT IS YOUR RESPONSE TO HIS
14 RECOMMENDATION?

15 A. At page 15 of his testimony, Mr. Scheye discusses the procedures
16 that he believes must be in place to handle the exchange and
17 update of ALEC customer data for use in providing 911 service.
18 His testimony does not, however, tell the Commission whether
19 BellSouth intends to provide ALECs with mechanized access to the
20 "master street address guide" and other databases to which access
21 is needed if high-quality 911 service is to be provided.

22 Mr. Scheye's testimony also fails to address whether, or if
23 so, how, Bell intends to notify ALECs of any testing or
24 maintenance of the 911 network or any outages that may occur.
25 Such notification is critical if ALECs are to be able to respond

1 appropriately. BellSouth should be required to provide the ALECs
2 with advance notification of any scheduled outage on or
3 maintenance of the 911 network, and to furnish immediate
4 notification of any unscheduled outage of the 911 network.

5 Q. WHAT IS YOUR RESPONSE TO MR. SCHEYE'S DISCUSSION OF
6 THE TECHNICAL AND FINANCIAL ARRANGEMENTS FOR THE
7 PROVISION OF OPERATOR TRAFFIC?

8 A. Mr. Scheye states at pp. 16-17 that ALECs should obtain busy line
9 verification and emergency interrupt pursuant to Bell's Access
10 Service Tariff. Bell should be required to provide such functions to
11 ALECs at the same rates, terms, and conditions that the functions
12 are made available to other LECs, whether other LECs obtain these
13 functions by contract or tariff.

14 Q. THE ISSUE OF DIRECTORY ASSISTANCE TRAFFIC IS DISCUSSED
15 BY MR. SCHEYE AT PAGES 17-18. WITH WHICH PART OF HIS
16 RECOMMENDATION DO YOU DISAGREE?

17 A. I disagree with Mr. Scheye's conclusion that ALECs should be
18 responsible for any "additional costs" that might be incurred to
19 store ALEC customer listings in the database. Mr. Scheye
20 conveniently overlooks the fact that BellSouth will generate
21 revenue when it responds to end users' directory assistance
22 requests for the ALECs' customer listings.

23 Regarding use of Bell's directory assistance database, Mr.
24 Scheye's testimony fails to address MCImetro's request that it be
25 permitted an interface to Bell's directory assistance database for

1 use in providing its own directory assistance service to end users.
2 Bell should be required to make available such an interface upon
3 request.

4 Q. WHAT IS MR. SCHEYE'S POSITION ON APPROPRIATE
5 ARRANGEMENTS FOR PHYSICAL INTERCONNECTION OF LEC
6 AND ALEC NETWORKS?

7 A. Mr. Scheye's testimony (page 23) again underscores BellSouth's
8 view that it should be permitted to unilaterally decide what
9 arrangements ALECs require for interconnection. Mr. Scheye's
10 statement that the "only technically feasible arrangement" is
11 interconnection at either the tandem or the end office
12 demonstrates a startling myopia, because Bell frequently
13 interconnects with independent LECs on a "mid-span" basis. The
14 fact of such interconnection means that it is "technically feasible."
15 Furthermore, the fact that Bell would seek to deny to ALECs a form
16 of interconnection that is used to connect with other incumbent
17 LECs again demonstrates Bell's incentive and ability to use its
18 market power to drive up ALECs' costs to its own competitive
19 advantage.

20 Q. DOES MR. SCHEYE RESPOND TO THE MCIMETRO ISSUE OF
21 FINANCIAL ARRANGEMENTS FOR TERMINATING ACCESS
22 CHARGES TO A TELEPHONE NUMBER WHICH HAS BEEN PORTED
23 TO AN ALEC USING INTERIM NUMBER PORTABILITY
24 MECHANISMS?

25 A. No. Mr. Scheye's testimony merely states (page 24) that:

1 ...BellSouth would bill its switched access rate elements to
2 the interexchange carrier and would anticipate that ALECs
3 would do likewise.

4 There is nothing in Mr. Scheye's testimony that even attempts to
5 refute my statement that Bell has no basis to claim any terminating
6 access revenues to a number that has been "ported" to MCImetro
7 using RCF.

8 **Q. WHAT IS MR. SCHEYE'S POSITION REGARDING ARRANGEMENTS**
9 **FOR OTHER OPERATIONAL ISSUES?**

10 **A. Mr. Scheye only states (page 24) that the parties should be able to**
11 negotiate resolution of operational issues such as handling of repair
12 calls, white pages directory information pages, and order
13 processing. This position completely overlooks the fact that "the
14 parties" bring to the bargaining table an overwhelming imbalance
15 of bargaining power. The fact is that Bell possesses massive
16 market power that it has both the ability and incentive to use to its
17 competitive advantage. Because of this imbalance, negotiations
18 cannot yield results that are socially optimal.

19 It appears that the objective of Mr. Scheye's testimony is to
20 postpone the Commission's consideration of this issue. Therefore,
21 I would reiterate my original recommendation that Bell be required
22 to develop mechanized systems for ordering such functions as
23 unbundled loops, interoffice facilities, interim number portability
24 mechanisms, and customer listing databases, to name some
25 examples. Furthermore such mechanized systems should be

- 1 developed as soon as possible but in any ^{event} ~~event~~ within one year.
- 2 Q. DOES THIS CONCLUDE YOUR TESTIMONY?
- 3 A. Yes, it does.
- 4

1 Q (By Mr. Melson) Mr. Price, would you please
2 briefly summarize both your direct and rebuttal
3 testimony.

4 A Yes.

5 Good afternoon, Madam Chairman and
6 Commissioners. My direct testimony in this proceeding
7 briefly describes MCI Metro Access Transmission
8 Services, Inc., known as MCI Metro, and sets out the
9 basis for MCI Metro's position on several of the
10 issues raised in MCI Metro's complaint against Bell
11 South. My testimony focuses on more technical and
12 operational issues that the Commission should consider
13 and the testimony of Dr. Cornell covers the public
14 policy and economic issues.

15 It is clearly true that a physical
16 connection is required between an ALEC's network and
17 BellSouth's network for end users to have the
18 capability to freely place and receive calls
19 regardless of which service provider they use.

20 My testimony describes the options MCI Metro
21 should be permitted to use for that physical
22 connection with Bell South in terms of the type of
23 trunks and signalling arrangements including the
24 necessary trunking for end users to be able to enjoy
25 high quality 911 services.

1 Of similar importance to this physical
2 connection is the link between an ALEC and BellSouth
3 for the basic operational systems that permit orders
4 for service to be taken and processed, service to be
5 installed, customer listing data to be maintained, and
6 repair activities to be completed. The BellSouth
7 systems that support all of these activities are
8 mechanized and efficiency demands that ALECs likewise
9 have mechanized interfaces into these systems.
10 Without a mechanized interface, ALECs would be
11 required to manually process service orders, creating
12 substantial administrative cost, the likelihood of
13 delays and significant errors in order processing and
14 provisioning as well as inability to track or monitor
15 progress on service orders or repair activity.

16 Also related to the need for such
17 intercompany systems interfaces is the need for ALECs
18 to be able to utilize databases which enable the
19 provision of 911 service. Unfortunately, BellSouth's
20 testimony in this proceeding says nothing about
21 BellSouth's intention to provide to ALECs mechanized
22 interfaces to these critical systems and databases.

23 Another issue which is addressed in my
24 testimony is the need for ALECs to have access to NXX
25 codes on a nondiscriminatory basis until such time as

1 a neutral number administrator replaces BellSouth in
2 the administration of NXX codes in Florida. Because
3 of the issue of how NXX codes may be used by ALECs was
4 raised in BellSouth's testimony, I want to advise the
5 Commission that MCI Metro has communicated with
6 BellSouth its intentions to use NXX codes in the same
7 manner as BellSouth uses such codes.

8 In other words, if BellSouth permits MCI
9 Metro access to sufficient NXX codes in a given local
10 calling area, BellSouth will have complete knowledge
11 of whether the traffic that it is sending to MCI Metro
12 for termination is local or toll, and vice versa.

13 In my rebuttal testimony, I respond to
14 several of the statements made by BellSouth witness
15 Mr. Scheye. I note that BellSouth has simply not
16 addressed the need for mechanized interfaces into the
17 various critical systems and databases.

18 Also, I take issue with Mr. Scheye's
19 statement that the physical connection between an ALEC
20 and BellSouth is only technically feasible at the end
21 office or at the tandem. Bell South has for years
22 interconnected with independent LECs on what is called
23 a "mid-span" or "meet point" basis, which means that
24 the interconnecting carriers have simply agreed to
25 terminate trunks between their respective switches and

1 to cooperate in the construction and operation of
2 those trunk facilities. ALECs should also be
3 permitted to interconnect in this same manner, as well
4 as in the ways Mr. Scheye suggests in his testimony.

5 Finally my rebuttal testimony describes how
6 Mr. Scheye's testimony fails to address the issue of
7 the financial arrangements for terminating access
8 charges to a telephone number which has been ported to
9 an ALEC using interim number portability. As I note,
10 BellSouth has no claim to terminating access revenues
11 in such a situation because the only reason that it is
12 involved with such traffic is because of the absence
13 of the true number portability solution in Florida.

14 BellSouth should not be permitted to use the
15 absence of true number portability to profit from a
16 function it should not be providing and to penalize
17 ALECs by denying them revenues to which they should be
18 entitled.

19 This concludes my summary, thank you.

20 CHAIRMAN CLARK: Thank you, Mr. Price.

21 Q (By Mr. Melson) Mr. Price, right at the end
22 of your summary you said "true local number
23 portability." When you use the term "true local
24 number portability," what do you mean by that? Do you
25 mean service provider portability, do you mean

1 geographic portability?

2 A I meant service provider portability as was
3 discussed in the recent docket.

4 MR. MELSON: Mr. Price is available for
5 cross.

6 MS. WILSON: I have questions at this time
7 but I would like to reserve the opportunity to ask
8 limited cross examination should an issue arise in
9 cross examination by the other parties prior to the
10 Staff asking questions.

11 CHAIRMAN CLARK: All right. Mr. Crosby?

12 MR. CROSBY: I have no questions.

13 CHAIRMAN CLARK: Ms. Weiske?

14 MS. WEISKE: No questions, thank you.

15 CHAIRMAN CLARK: Mr. Lackey or Ms. White, do
16 you want to wait until?

17 MS. WHITE: Please, thank you.

18 CHAIRMAN CLARK: Okay. Ms. Dunson?

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CROSS EXAMINATION

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BY MS. DUNSON:

Q Hi, Mr. Price, I just have a few questions for you.

On Page 9 of your direct testimony you discuss the appropriate arrangements for the assignments of NXX codes to MCI Metro and other ALECs, is that correct?

A I believe that's correct.

Q Are you aware that BellSouth has said that there may be a problem determining whether traffic is local or toll depending on how an ALEC choses to use NXX codes?

A Yes, I'm familiar with that part of the testimony.

Q Can you tell us how how MCI Metro intends to use NXX codes?

A Yes, I can. In the larger metropolitan exchanges -- such as, say, Miami, Fort Lauderdale, et cetera, Orlando, wherever -- there are a number of central offices used by the incumbent LECs to provide service. Each of those central offices may be a separate rate center; which means that for purposes of rating intraLATA toll and interLATA toll calls that each of those wire centers may be designated in the

1 local exchange routing guide as a separate physical
2 location so that measurements of toll distance would
3 relate to each of those wire centers.

4 Obviously, at the outset, MCI Metro would
5 not need to have multiple switches within, say, Miami
6 to provide service to customers in a wide area
7 throughout the city, assuming that some of the other
8 issues in the other docket on unbundled loops are
9 resolved.

10 Nonetheless, if we had customers that are
11 located in what would have been different rate centers
12 for BellSouth, what we would choose to do is to seek
13 sufficient NXX codes that we could isolate customers
14 in the same manner even though they would be provided
15 service with the same switch.

16 If it would be helpful, I would be glad to
17 draw a very brief diagram. But I think the main point
18 is that we would not have physical locations that
19 would correspond to the wire center's central offices
20 of the incumbent LEC; nonetheless, we would assign
21 numbers to customers out of NXXs that would correspond
22 to those same geographic areas as the incumbent
23 switches.

24 So the rating systems that the interexchange
25 carriers use would not be affected. The same

1 geographic rate centers could be used whether the
2 customer was an MCI Metro customer or a Southern Bell
3 customer.

4 Q So do you believe that that method of
5 assigning NXX codes would address BellSouth's
6 concerns?

7 A Yes, it would.

8 Q Has this intention been communicated to
9 BellSouth?

10 A Yes, it has.

11 Q I just have a question are regarding MCI's
12 position --

13 COMMISSIONER DEASON: Let me interrupt just
14 a second. Would that, what you are proposing, would
15 that necessitate the utilization of more NXX codes?
16 And we already realize that they are in short supply.
17 Would that be a problem?

18 WITNESS PRICE: It would be a problem in the
19 near term, Commissioner. Well, let me rephrase that.

20 Depending on the scarcity of codes that are
21 available, it could be a problem. It could be a
22 problem. As you know, there was just a split that was
23 done in South Florida that freed up a number of codes,
24 and so I don't envision a problem in South Florida.

25 I'm not 100% sure what the situation is with

1 NXX exhaust throughout the state, but my understanding
2 is at least in the Miami area that would not be a
3 problem.

4 I would also note that the long distance
5 industry in the industry groups is working on
6 solutions that would alleviate that problem over time;
7 but that is a very complex undertaking and I suspect
8 it would be several years before the necessity of
9 having separate NXXs for each of the rate centers
10 would be technically resolved. So it is possible it
11 could be a problem in the near term, but it is likely
12 it would not be a problem long term.

13 Q (By Ms. Dunson) Mr. Price, do you have a
14 copy of the prehearing order?

15 A Yes.

16 Q Would you turn to MCI's position on No. 13
17 at Page 16 of the prehearing order?

18 A All right.

19 Q Would you please explain MCI Metro's
20 position regarding payment by ALECS to BellSouth for
21 performing this intermediate function.

22 A Yes. The basic position for compensating
23 BellSouth for traffic that it would terminate to its
24 customer -- and I'm trying to provide a little
25 background to this -- traffic that it would terminate

1 to its customer from a MCI Metro customer is what we
2 have called mutual traffic exchange. That's laid out
3 in the testimony of Dr. Cornell.

4 In this situation where there is not a
5 BellSouth end user involved -- in other words, if it
6 were terminating traffic between MFS and MCI Metro,
7 for example, but MCI Metro and MFS were not directly
8 connected to each other but were both connected
9 through the access tandem of Southern Bell, then there
10 would not be a way for MCI Metro to compensate
11 BellSouth in kind for the function it was providing at
12 the tandem of switching that traffic between MCI Metro
13 and MFS. In that instance, and as is described in the
14 prehearing order, MCI Metro's position would be that
15 BellSouth would be entitled to a financial
16 compensation equal to the economic cost of providing
17 that switching function at the tandem.

18 Q So you do believe that some compensation
19 then should be paid to BellSouth?

20 A Yes.

21 MS. DUNSON: Thank you, no further
22 questions.

23 MR. FINCHER: No questions.

24 MR. FALVEY: No questions.

25 CHAIRMAN CLARK: We'll take a ten-minute

1 break. We'll come back at 2:40.

2 (Brief recess.)

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4 (Transcript continued in sequence in

5 Volume 3.)

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