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October 31, 1996

<u>VIA AIRBORNE</u>

Ms. Blanca S. Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

In Re: Docket No. 961150-TP Petition of Sprint Communications Company Limited Partnership for Arbitration of Proposed Interconnection Agreement with BellSouth Telecommunications, Inc. Pursuant to the Telecommunications Act of 1996.

Dear Ms. Bayó:

Enclosed for filing, are the original and fifteen (15) copies of the prefiled rebuttal testimonies of Michael R. Hunsucker and David E. Stahly, on behalf of Sprint Communications Company Limited Partnership in the above proceeding. We are also including a 31/2" diskette, in microsoft word format.

We are enclosing an extra copy of this transmittal letter. We ask that you please acknowledge receipt thereon and return to the undersigned in the enclosed self addressed stamped envelope.

All parties of record have been served in accordance with the attached Certificate of Service.

Thank you for your cooperation.

Sincerely,

Benjamin W. Fincher

BWF:lk

cc: Everett Boyd
Parties of Record

Hunsucker 11743-96
Stahly 11744-96

CMU - 3
Legal - 3
Matilda - 2 + orgs
Sec - 1

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true and exact copy of the within and foregoing Rebuttal Testimony of David E. Stahly and Michael R. Hunsucker, Docket No. 961150-TP, on behalf of Sprint Communications Company Limited Partnership via overnight express mail (Airborne) properly addressed to the following:

Monica Barone
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Tallahassee, FL 32301

This 31st day of October, 1996

Lorraine Kowalski

Lorraine Kowalski

BEFORE THE

FLORIDA PUBLIC SERVICE COMMISSION

In the matter of:

Petition of Sprint Communications Company Limited	**)**
Partnership for Arbitration of Proposed Interconnection	**) Docket No.**
Agreement with BellSouth Telecommunications, Inc.	**) 961150-TP**
Pursuant to the Telecommunications Act of 1996	**) Filed November 1, 1996**

Rebuttal Testimony

of

Michael R. Hunsucker

On Behalf of Sprint Communications Company
Limited Partnership

November 1, 1996

Q. Please state your full name, title, employer and business address.

A. My name is Michael R. Hunsucker. I am employed by Sprint/United Management Company as Director - Pricing and Tariffs. My business address is 2330 Shawnee Mission Parkway, Westwood, Kansas 66215.

Q. Please describe your educational background, work experience and present responsibilities.

A. I received a Bachelor of Science degree in Economics and Business Administration from King College in 1979.

I began my career with Sprint in 1979 as Staff Forecaster for Sprint/United Telephone - Southeast Group in Bristol, Tennessee and was responsible for the preparation and analyzation of access line and minutes of use forecasts. While at Southeast Group, I held various positions through 1985 primarily responsible for the preparation and analyzation of financial operations budgets, capital budgets and Part 69 cost allocation studies. In 1985, I assumed the position of Manager - Cost Allocation Procedures for Sprint/United Management Company and was responsible for the preparation and analyzation of Part 69 allocations including system support to the 17 states in which Sprint/United operated. In 1987, I transferred back to Sprint/United Telephone - Southeast Group and assumed the position of Separations Supervisor with responsibilities to direct all activities associated with jurisdictional allocations of costs as prescribed by the FCC under Parts 36 and 69. In 1988 and 1991 respectively, I assumed the positions of

Manager - Access and Toll Services and General Manager - Access Services and Jurisdictional Costs responsible for directing all regulatory activities associated with interstate and intrastate access and toll services and the development of Part 36/69 cost studies including the provision of expert testimony as required.

In my current position, Director - Pricing and Tariffs, for Sprint/United Management Company, I am responsible for the development and promotion of regulatory policy for the Sprint local exchange companies and for the coordination of regulatory policies with other Sprint business units.

Q. Have you testified previously before state regulatory commissions?

A. I have testified before the South Carolina Public Service Commission and the Pennsylvania Public Utility Commission.

Q. What is the purpose and scope of your testimony?

A. I am presenting rebuttal testimony in support of Sprint Communications Company Limited Partnership ("Sprint") in connection with its Petition for arbitration of its negotiated agreement with BellSouth. Specifically, I offer rebuttal testimony to the direct testimony of BellSouth's witnesses Varner, Scheye, Milner, Pecoraro, Calhoun and Atherton.

VARNER

Q. Do you agree with Mr. Varner's claim that the FCC's unbundled element decisions amount to a barrier to facilities-based competition?

A. No. Mr. Varner notes that the FCC believes that unbundled elements should be priced based upon forward-looking incremental costs (plus a portion of forward looking joint and common costs). He then claims that this means that "by definition, no other carrier will be able to provide its own network any cheaper than it can obtain access to" BellSouths. Then he bootstraps this into a claim that no decision for a competitor to build will be based on economics that cannot support construction.

What Mr. Varner misses is that the incremental costs that BellSouth would apply under the FCC's methodology are incremental costs associated with the network design deployed by BellSouth. The existing network design of BellSouth is not necessarily the most efficient network design based upon existing technology. The FCC recognized this point in its Order at paragraphs 683-685. The FCC noted that the TELRIC with prices "based on the least-cost, most efficient network design and technology replicate condition in a high competitive marketplace by not basing prices on existing network design and investment unless they represent the least-cost systems available for purchase." This approach "may discourage facilities-based competition by new entrants" because they could use the "least-cost, most efficient network" hypothetical network.

However, this least-cost hypothetical network is not the basis of the TELRIC prices proposed by the FCC. Instead the embedded network design using the best available technology is the basis of these costs. This embedded network priced at the best available technology "encourages facilities-based competition to the extent that new entrants, by designing more efficient network configurations, are able to provide service at a lower cost than the incumbent LEC." New entrants are utilizing a different network architecture than BellSouth and should recognize network savings compared to the current BellSouth network design.

The new network designs may well prove lower in cost than the network design of BellSouth, thus providing cost savings to new entrants compared to using the network of BellSouth. Further, the joint and common costs of a new entrant may be lower than those of BellSouth because a new entrant may be more efficient, thus providing another reason to build a network that does not carry the level of joint and common cost loadings ultimately adopted by the Commission. Added to the equation are all of the benefits of owning and controlling a network which actually utilizes the most modern technology available ratner than an older network that is only priced as through it were modern. Thus, there is no reason to assume that BellSouth will not have facilities-based competitors.

Q. Should the Commission adopt a true-up pricing mechanism as proposed by BellSouth's Mr. Varner at page 8 of his testimony?

A. No. Mr. Varner proposes that if "the Commission feels compelled to adopt provisions of the FCC's Order that are inconsistent with the Act, a true-up mechanism must be adopted." Sprint recognizes that the pricing provisions of the FCC's Order are currently stayed and that the Commission is free at this time of interpret the Act's pricing requirements. The Commission is not under any obligation to adopt FCC pricing methodologies. As a result, Mr. Varner's comment is now out of place. The Commission should adopt either interim or final rates that are consistent with the Act.

Sprint continues to support the use of TELRIC for pricing purposes as proposed by the FCC. Mr. Stahly addresses the continued use of TELRIC further and the avoided cost model further in his rebuttal testimony.

Sprint recognizes that court appeals may continue for years based upon actions required by the Act. It is unreasonable to create a system that relies upon a true-up years from now. Rather than creating years of uncertainty with a true-up, Sprint recommends that the rates adopted by the Commission be effective without a true-up. If the rates are changed in the future, they should apply from the date they are adopted forward, not backward.

Q. Mr. Varner, at pages 9-10 of his testimony, criticizes the Most Favored Nation concept advanced by Sprint, do you agree with his criticism?

A. No. Mr. Varner first claims that Most Favored Nation (MFN) is not an arbitratable item under the Act. He then states that "Sprint should only be allowed to select all of the provisions of an entire category of an agreement" rather than being "allowed to pick and choose individual rates, terms or conditions."

The Act, in Sec. 252(b)(1) clearly gives a State commission the authority and obligation to "arbitrate any open issues." Interconnection, services and network elements consist of price components, terms and conditions. MFN deals with all of these elements. The Act, in Sec. 252(i) requires:

> A local exchange carrier shall make available any interconnection, service, or network element provided under an agreement approved under this section to which it is a party to any other requesting telecommunications carrier upon the same terms and conditions as those provided in the agreement.

Clearly, MFN is required and, to the extent that there are open disputes between the parties, it may be arbitrated by the Commission. The question becomes whether the Sprint position is reasonable. What Sprint proposes is that BellSouth, an incumbent LEC with market power and overpowering control of the current local network, be required to make available to all parties its best terms and conditions at prices based on cost. On the alternative, BellSouth may agree to provide larger carriers with a volume discount that is not based upon price and which Sprint may not qualify because of traffic volumes. Such a volume discount will provide a pricing advantage not based upon cost savings to BellSouth and may unfairly disadvantage Sprint in the marketplace. Thus, Sprint believes that prices for services should be separable from certain terms such as volume commitments that connect with prices that do not reflect cost savings to BellSouth.

Further, Sprint believes that as a monopoly, BellSouth should not be negotiating different prices with different carriers for the same functionality or service. Regulation of telecommunications providers has consistently required that all similarly situated customers receive the same price for the same service. Sprint is simply asking for a continuation of this principle. When a product is offered by BellSouth pursuant to tariff or contract, and Sprint is a customer that is similarly situated to the other customers for the same service, Sprint should be able to obtain the service at the same price. What Sprint is seeking is a simple measure of fairness and reasonableness.

In order to prevent the exercise of monopoly power by BellSouth or the leveraging of volume buying power by larger carriers where the price break does not reflect cost, the MFN as proposed by Sprint must be adopted.

Q. Mr. Varner proposes at pages 14-15 of is testimony that the Commission set transport and termination prices based on the intrastate switched access rate less the residual interconnection charge and the carrier common line charge. However, he admits that BellSouth has not submitted cost studies to support the proposed rates as required by the Act in Sec. 252(d). What is your response to Mr. Varner?

A. Sprint strongly opposes the use of intrastate switched access as the price for transport and termination. Sprint believes that bill and keep is appropriate at least until the Commission receives a cost study showing with particularity "the additional costs of terminating" Sprint calls. Without a cost study, there is no evidence in the record that establishes these additional costs "determined without reference to a rate-of-return or other rate-based proceeding" as required by the Act. As an interim, Sprint is willing to accept the rates established by the Commission in the AT&T/BellSouth arbitration proceeding.

Q. Does BellSouth propose to exclude some interconnection agreements with telecommunications carriers from the MFN process?

A. Yes. Mr. Varner claims at pages 16-17 of his testimony that "the Act does not require that the terms of all previous interconnection agreement be made available to new entrants." He proposes that the arrangements between current incumbent LECs not be filed with the Commission because these LECs are not competing with each other.

I don't understand how Mr. Varner can make this claim. BellSouth Telecommunications is certificated to be a competitive LEC throughout Florida. It has requested interconnection with the Sprint Corporation affiliated incumbent LEC in Florida with the stated intention of competing in Sprint incumbent LEC areas. The representation that BellSouth is a non-competing LEC does not ring true. It desires to protect its older interconnection arrangements with ILECs while entering the market as a competitor. Protecting its existing agreements under these circumstances is clearly not appropriate.

The Act in Sec. 252(e) states that any "interconnection agreement adopted by negotiation . . . shall be submitted for approval to the State commission." The agreements that BellSouth refers to are clearly "interconnection agreements" that do not have an exclusion in the Act, and those agreements must be submitted to the Commission for approval. Once submitted and approved, they become available under the MFN provisions.

BellSouth quotes the Commission in Docket No. 960290-TP, Order No. PSC-96-0959-FOF-TP issued July 24, 1996, whereby the Commission states that its interpretation of the Act and its agreement on filing provisions "requires the filing of interconnection agreements between competitive carriers in the same geographic markets entered into before or after the enactment of the Act." Under this provision, BellSouth is required to file the pre-existing agreements. BellSouth is authorized as a competitive carrier in all markets in Florida and is now an authorized competitive carrier in all geographic markets. As such, its agreements must now be filed with the Commission.

Additionally, FCC Rule 51.303 requires all interconnection agreements negotiated before February 8, 1996, between Class A Carriers to be filed with the appropriate state commission by June 30, 1997. Sprint concedes that the FCC clearly set up a different tract for pre-existing agreements and new agreements between ILECs and CLECs. Sprint agrees that these pre-existing agreements should not be available to CLECs until the state commission has approved the agreement as compliant with the Act. In the event that BellSouth does not file the agreements by June 30, 1997, Sprint expects to take full advantage of any rate, term or conditions immediately.

Q. Mr. Varner questions the connection between Paragraph 516 of the FCC's Order and Sec. 251(c)(2)(C) of the Act and Sprint's reference to the two citations in connection with several of the operational parity issues proposed by Sprint. Do you concur in his analysis?

A. The general question of operational parity is very broad and includes equal treatment in terms of interconnection, transport, resale operational issues, general operations support systems access and billing information. In this broad context, the two citations clearly fit. Paragraphs 516-528 deal with nondiscrimination in access to operations support systems. Secs. 251(c)(2)(C-D) deals with equality in "quality" and nondiscrimination in interconnection. Sec. 251(b)(1) deals with discrimination in resale. Sec. 251(c)(3) deals with unbundled element availability in a nondiscriminatory manner.

The general concept is that the quality provided by BellSouth to itself should be the same as the quality provided to competitors. This is stated in some sections in terms of nondiscrimination obligations and in others in terms of equal quality. The concepts fit together well and lead to the a unified obligation to provide all of these services, components and systems in a nondiscriminatory and equal in quality manner. Thus, I do not see any disconnect in discussing these concepts as a package.

Q. Mr. Varner at pages 35-38 of his testimony states that branding of resold services is not required by the Act and is not technically feasible. Do you concur in this representation?

A. No. The Act in Sec. 251(b)(1) requires that services be offered for resale without "unreasonable or discriminatory conditions." Further, Sec. 251(c)(3) requires that unbundled services be offered under terms and conditions that are "just, reasonable, and nondiscriminatory." While the word "branding" does not appear in the statute, a policy that BellSouth will brand its own retail service and will refuse to brand the service of a competitor that utilizes either a resold BellSouth offering or an unbundled BellSouth offering is unreasonable and discriminatory. Even worse, a proposal by BellSouth to leave its brand on these services so that they appear to be BellSouth in the eyes of the consumer when they are actually retailed by a competitor is clearly unreasonable. Any reasonable interpretation of the Act prohibits both of these actions by BellSouth.

Additionally, FCC Rule 51.613 clearly states that, "where operator, call completion, or directory assistance services is part of the service or service package an incumbent LEC offers for resale, failure by an incumbent LEC to comply with reseller unbranding or rebranding requests shall constitute a restriction on resale." Such restrictions should clearly not be allowed as they are not reasonable and non-discriminatory.

The FCC considered comments by all industry segments on this very issue in both its First and Second Reports and Orders in Docket No. 96-98[1]. In the second of these decisions, where the FCC states at ¶ 128:

> We recognize that branding plays a significant role in markets where competing providers are reselling the operator services of the providing LEC. Continued use of the providing LEC's brand with a competing provider's customers clearly advantages the providing LEC. Consistent with the requirements that we imposed on incumbent LECs in the *First Report and Order*, we conclude that a providing LEC's failure to comply with the reasonable, technically feasible request of a competing provider for the providing LEC to rebrand operator services in the competing provider's name, or to remove the providing LEC's brand name, creates a presumption that the providing LEC is unlawfully restricting access to these services by competing providers. This presumption can be rebutted by the providing LEC if it demonstrates that it lacks the capability to comply with the competing provider's request. We note also that the Illinois Commission recently ordered rebranding of operators services as those of the reseller "[t]o the extent that it is technically feasible," and we do not preempt its intrastate branding requirements, nor any similar requirements that other states may have enacted.

The FCC has clearly concluded that failure to brand in the name of a competitor or failure to unbrand by the LEC when it is not technically feasible to brand for a competitor violates the Act. Sprint agrees with this assessment by the FCC and the policy stated by the Illinois Public Service Commission.

Q. Do you claim that it is always technically feasible to brand in Sprint's name?

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1 CC Docket No. 96-98 et al. Implementation of the Local Competition Provision in the Telecommunications Act of 1996, First and Second Reports and Orders, Released August 8, 1996 (FCC 96-325 and 96-333)

A. No. There may be times where the tables that support BellSouth's switching are full and branding in Sprint's name is impossible. The testimony of Mr. Keith Milner and Mr. Anthony Pecoraro of BellSouth is correct in this regard. In those cases, the alternative required by the FCC is to "remove the providing LEC's brand name" from all operator services so that there is no discrimination among carriers. Sprint agrees that this outcome is appropriate where it is truly technically unfeasible to brand in Sprint's name.

Sprint does not agree that the potential that tables may lack capacity to brand in the name of all potential competitors makes it unfeasible to brand for any. Clearly, it is appropriate to brand for as many competitors as possible. What Sprint proposes in this regard that BellSouth should brand on a first-come, first-served basis for competitors until it has reached the point where there is only room to brand for one more competitor. At that point, an unbranded option should be available for all additional competitors. This is a reasonable outcome which protects against BellSouth retaining an unreasonable and discriminatory branding advantage.

As BellSouth's analysis shows many of their switches have the current capability to provide branding for Sprint. In those switches, branding should occur. In the others, BellSouth should simply provide unbranded operator services both for itself and its competitors.

Q. Do you agree with Mr. Scheye at pages 10-15 and Mr. Varner at pages 38-39 that BellSouth does not need to provide dialing parity for Sprint when Sprint utilizes BellSouth resold services or unbundled elements to provide service to Sprint customers?

A. No. The Act's Sec. 251(b)(3) requires BellSouth "to provide dialing parity to competing providers of telephone exchange service." BellSouth provides itself with N11 dialing whereby its customers may reach BellSouth concerning services purchased from BellSouth. However, if a Sprint customer that is served via BellSouth resale of unbundled elements where BellSouth provides the switching component, the N11 dialing pattern will not reach Sprint, rather it will reach BellSouth. As a result, the N11 dialing pattern is not available to Sprint as required by Sec. 251(b)(3).

Sprint believes that BellSouth should either develop appropriate routing capabilities to send N11 calls to Sprint or that it should discontinue the use of these dialing patterns for use by BellSouth customers in reaching BellSouth. Clearly, if BellSouth is left with a dialing advantage not only will a statutory violation occur, but BellSouth will be left with a marketing advantage that it can advertise in regard to "easy to do business with" as compared to Sprint.

Sprint does not desire to unnecessarily confuse customers. Thus, Sprint does not propose that BellSouth immediately abandon N11 dialing for purposes of reaching BellSouth. Rather, an orderly transition that allows BellSouth to establish appropriate seven digit numbers and publish those numbers in its next directory for an area should be adopted.

In the past, Sprint has indicated in comments to the FCC that N11 dialing is a scarce resource that should be used for public purposes. An example is 911 for emergency services. These 911 calls will still get through and there will be no impact upon the provision of these services.

Q. Should BellSouth's proposed restrictions on resale be adopted by the Commission?

A. The restrictions on resale proposed by Mr. Scheye in pages 3-9 of his testimony should be rejected. The Act's Sec. 251(b)(1) prohibits a LEC from imposing "unreasonable or discriminatory conditions or limitations on, the resale of its telecommunications services." Sec. 251(c)(4) further obligates BellSouth to "offer for resale any telecommunications service that the carrier provides at retail to subscribers who are not telecommunications carriers" and allows the Commission to "prohibit a reseller that obtains at wholesale rates a telecommunications service that is available at retail only to a category of subscribers from offering such service to a different category of subscribers." Currently the FCC's rules dealing with interpretation of this statutory section are stayed by the Eighth Circuit Court of Appeals.

The initial question that the Commission must answer in this regard then is whether the Commission may ignore the general statutory mandate to "offer for resale at wholesale rates any telecommunications service that the carrier provides at retail." Sprint does not believe there is room to read services out of this general definition unless they meet the "different category of subscribers" test. In regard to the "different category of subscribers test, Sprint believes that the test was adopted primarily to protect a LEC from the sale of residential service to business customers because residential service is arguably priced below cost while business service is generally far above cost.

BellSouth argues that the Commission should grant broad limitations to BellSouth concerning the availability of its services for resale. Sprint believes that BellSouth's request for broad limitations on resale is inappropriate and that any relief granted should be narrow and only granted in regard to residential service that could otherwise be resold to business customers.

Q. Should obsolete/grandfathered services be available for resale?

A. Yes. Obsolete/grandfathered services should be available for resale. However, BellSouth specifically seeks exclusion of obsolete/grandfathered services from resale. To the extent that an end user desires to retain the obsolete/grandfathered service, often because it is offered at a lower price compared to the replacement service, a restriction on its resale ensures that BellSouth will retain that customer. Sprint believes that even these customers should be able to choose to obtain their current level of service from Sprint.

Further, a restriction on the resale of obsolete/grandfathered services could well be abused by BellSouth. For instance, BellSouth could make minor modifications to an existing service thus creating a "new" service and grandfather the existing service. The current base of customers on the now grandfathered service would then become unavailable. Such an outcome is not appropriate and could result from BellSouth's proposal.

Sprint believes that it is appropriate to restrict obsolete/grandfathered service to existing customers at existing locations. Thus, BellSouth would not be asked to accept an additional burden of new locations to its existing obsolete/grandfather customer base.

of failure and congestion are overstated. Fears of post-dial delay were industry wide with the inception of 800 service and were adequately resolved through technology in a short period of time. Increased points of failure should not be a concern. We are far better equipped today through diversity, the implementation of fiber rings, T1 protect systems, etc. than in the past. Network Maintenance Centers which provide 24 hour monitoring and rapid field response ,which has become a norm by today's standards, help to lessen maintenance concerns. The concern about congestion is clearly an ILEC issue as docket 96-98 clearly puts the responsibility of maintaining facilities at adequate levels to ensure quality service on their shoulders.

Q. Mr. Atherton, at page 6, line 17, through page 8, line 20 describes how BellSouth will interconnect trunks with facilities-based ALECS and why BellSouth requires one-way trunking for local and intraLATA traffic. What is your response?

A. It is Sprint's position that alternative methods of recording and billing are available that would facilitate the use of two-way trunks, specifically the CMC software and capturing of originating and terminating numbers. Sprint would also cite to Section IV.E of the FCC's First Report and Order in Docket No. 96-98 (FCC Order) which states "Nor did the FCC believe the term "technical," when interpreted with its ordinary meaning as referring to engineering and operational concerns in the context of Sections 251(c)(2) and 251(c)(3), of the Act[2] included consideration of accounting or billing restrictions. (par 201)." "Cost considerations and administrative difficulties" cited on page 8, line 13, of Mr. Atherton's testimony cannot be used as examples of technical feasibility as spelled out in the FCC local interconnection rules.

CALHOUN

Q. BellSouth witness Calhoun indicates that BellSouth is in compliance with the FCC Order in providing operational parity. Does Sprint agree with this position?

A. No, Operational or service parity in the context of the BellSouth/Sprint relationship means that Sprint has the ability to provide service to its local exchange service end users under terms and conditions that are at least equal to the incumbent LEC. Operational parity extends to, but is not limited to providing

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[2] The Telecommunications Act of 1934 (47 U.S.C. 15 et seq.) as amended by the Telecommunication Act of 1996.

Sprint customers parity treatment in all regards to, by way of example, but not limited to ordering, provisioning, maintenance, call completion, pricing, numbering, directory listing, data protection, service availability, product branding, signaling, interconnection and compensation.

Q. Why is operational parity required?

A. It is essential that BellSouth provide parity, not just among competing carriers, but to standards it applies to its own operation. Any double standard, that is, one level of service for its resale operations and a second standard for its own operation is discriminating and unacceptable. The goal of each operational interface is to allow Sprint to provide to its customers with at least the same level of convenience, service, and quality that BellSouth's customers receive.

Q. Does the FCC support operational parity?

A. Yes. Parity is addressed in the FCC Order, ¶ 970 :

> "We conclude that service made available for resale be at least equal in quality to that provided by the incumbent LEC to itself or to any subsidiary, affiliate, or any other party to which the carrier directly provides the service, such as end users. Practice to the contrary violates the 1996 Act's prohibition of discriminatory restrictions, limitations, or prohibitions on resale."

Q. Does the FCC Order further define the actual operational interfaces that LECs must provide in order to achieve non-discriminatory access?

A. Yes, the FCC Order, ¶ 523 states :

> "We thus conclude that an incumbent LEC must provide nondiscriminatory access to their operations support systems functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing available to the LEC itself. Such nondiscriminatory access necessarily includes access to the functionality of any internal gateway systems the incumbent employs in performing the above functions for its own customers. For example, to the extent that customer service representatives of the incumbent have access to available telephone numbers or service interval information during customer contacts, the incumbent must provide the same access to competing providers."

Q. Does the FCC Interconnection Order discuss a date by which the requisite interfaces must be provided by the incumbent LEC?

A. Yes. The FCC Order, ¶ 525 states :

> "In all cases, however, we conclude that in order to comply fully with section 251(c)(3) an incumbent LEC must provide, upon request, nondiscriminatory access to operations support systems functions for pre-ordering, ordering, provisioning, maintenance and repair, and billing of unbundled network elements under section 251(c)(3) and resold services under section 251(c)(4). Incumbent LECs that currently do not comply with this requirement of section 251(c)(3) must do so as expeditiously as possible, but in any event no later than January 1, 1997."

Q. Does BellSouth's witness Calhoun's description of on-line installation interfaces meet Sprint's requirements?

A. No, they do not. In the Sprint term sheet item III.A.10 Sprint requires real-time, on-line installation scheduling. BellSouth is developing three interfaces for what is termed "simple" resale: (1) interactive, (2) batch via EDI, and (3) mechanized service order. This does not enable Sprint the ability to schedule with the customer on-line and requires a follow-up call to the customer to quote installation appointments. In addition, but not limited to, Sprint requires operational parity in areas including maintenance appointment, telephone number assignment, and Street Address Guide.

Q. For BellSouth to be in compliance with the FCC Order, what further is required?

A. It is understood that it is BellSouth's intent to provide Sprint's customers the same level of service as BellSouth's customers on a standardized operational interface, and data to compare, that demonstrates operational service parity. To date, BellSouth has not provided such specifics to Sprint.

Q. Ms. Calhoun indicates that Sprint has not provided a clear definition of "real-time". How do you respond?

A. Sprint requires "real-time" access throughout the service ordering process. It is critical that Sprint be allowed to offer potential new customers a service ordering process which is at least as accurate and convenient as that provided today by BellSouth to its own retail customers. Toward that goal Sprint must have real time access to the information needed to respond to pre-service ordering queries from customers as well as to place a service order with BellSouth. That information includes: (a) the verification of the new customer's address; (b) the availability of the features the customer desires; (c) the time frame for service installation; (d) the customer service record; and, most importantly, (e) the list of telephone numbers a customer may choose from.

It's recognized that BellSouth is developing an electronic interface that is scheduled to be available the first or second quarter of 1997. It's also recognized that it's BellSouth's intent to provide Sprint's customers the same average intervals as BellSouth provides it's own customers. Without an operating interface and data to compare, Sprint can not factually agree that the interface will meet Sprint's requirements.

Q. Witness Calhoun has offered an electronic interface be available the first or second quarter of 1997. Are these interim solutions satisfactory to Sprint?

A. These interfaces will occur through dial-up, LAN-to-LAN, or through the internet. It is not possible to determine from the information received, if these interfaces will meet the "parity" standard. Real time order response to rejections/errors, jeopardy on due date, missed appointment or additional order charges will, according to BellSouth, not be available on a real-time basis.

Q. Witness Calhoun indicates on p. 49 of her testimony that BellSouth's electronic interface for trouble reporting meets Sprint's requirements? Is this the case?

A. No, that is not the case. Sprint requires timely maintenance scheduling. Per Sprint Term Sheet item III.C.3.a.b and d, Sprint states that :

> "Sprint must have read and write access to ILECs maintenance and trouble report systems including the following systems and or functionality : (a) trouble reporting/dispatch capability - access must be real time; (b) repair status/confirmations; maintenance/trouble report systems; and (d) mechanized line testing."

If Sprint does not have the ability to view the status of an outage or trouble situation, it will be unable to directly respond to the customer's questions if a customer calls Sprint to inquire as to the status of the outage.

Q. Does BellSouth offer parity in the area of maintenance scheduling?

A. No. BellSouth's interfaces for maintenance scheduling are under development. It is not possible to determine if these interfaces will meet Sprint's requirements until they are operational and fully tested. BellSouth proposes access to "TAFI" (Trouble Analysis Facility Integration) for resale services. This interface appears to meet Sprint's requirements. However, TAFI does not address "complex" resale services or unbundled elements. Complex resale and unbundled elements currently require a manual approach.

Q. Ms. Calhoun discusses the BellSouth costs for the various electronic interfaces. With respect to Sprint's proposed system interfaces, is Sprint willing to pay for all reasonable costs incurred by BellSouth in the development and implementation of those interfaces?

A. No. Sprint is not willing to pay for all costs. The FCC's order in CC Docket 96-98 sets out operations support systems as an unbundled element. BellSouth has not indicated how it intends to include, if at all, the cost of systems interfaces in the prices of its other unbundled elements or services, e.g. if BellSouth intends to offer prices for systems interfaces as a separate element or include the cost of such interfaces in the price of its other resale, unbundled element, or interconnection offerings, or as non-recurring charges associated with orders.

At minimum, the recovery of the cost industry standard interfaces should be allocated across all beneficiaries of such interfaces, including BellSouth affiliates and other BellSouth ILEC wholesale customers. Such costs should also recognize internal productivity gains that will accrue to BellSouth's benefit as an ILEC, that would not otherwise have achieved without the benefit of these systems.

Sprint supports rapid development of industry standard operational/electronic interfaces, but recognizes the magnitude of such an industry effort. As such, Sprint recognizes that interim, but generally available, non-standard interfaces will be developed and offered by BellSouth. All industry participants will need to invest in interim solutions in order to "get into business" in a reasonable time frame with reasonable levels of productivity.

Q. Does Ms. Calhoun indicate that BellSouth will agree to enable Sprint to update information about its customers in the following ILEC databases within the same time parameters as current ILEC methods and procedures :

a. signaling (SS7), LIDB, toll-free, number portability, AIN, Sprint Term Sheet item IV.A.6
b. directory assistance, electronic white pages, Sprint Term Sheet item VII.A.1
c. all customer service support databases, Sprint Term Sheet item VII.C.1
d. automated update and inquiry processes to customer support databases, Sprint Term Sheet item VII.C.2.

A. No, BellSouth does not allow read/write access to databases including, but not limited to, LIDB, Listing Services Database, and Directory Assistance Databases.

Q. Why does Sprint need read/write access to these Administrative (Database) interfaces specified within the Sprint term sheet?

A. Sprint requires BellSouth to provide updates to customer support databases such as 911/E911 and white and yellow page directory listings so that administrative requests for data updates generated in the course of Sprint's business with its customers be facilitated. Electronic updates to BellSouth databases within the same time parameters utilized by BellSouth to update its own customer support databases are required. Once again this is a requirement that BellSouth provide and make available methods and procedures utilized by BellSouth and expected by Sprint's customers who have previously interacted with BellSouth with these types of administrative functions. Failure to comply with these requirements will lead the customer to perceive that Sprint can not handle simple administrative functions and alter the competitive balance by making Sprint's customer service seem inferior to BellSouth's.

Q. What is the status of BellSouth negotiations with Sprint in regards to electronic systems interfaces?

A. In summary, Sprint and BellSouth have not reached agreement on long term or interim interfaces for pre-ordering, ordering, provisioning, and maintenance to meet the 1/1/97 requirements of the FCC Order for some of the requirements previously identified. Sprint believes certain, capabilities could possibly be met for billing by the development of NDM (Network Data Mover) across the functional areas as the electronic interface mechanism combined with either a EMR or EMI format. Research continues on interim solutions. The referenced NDM example does not, however, prevent duplicate work by both parties that will result in many non-standard inefficient interim solutions between Sprint and BellSouth. To minimize development expense, Sprint recommends an interim method to electronically transmit information. The application-to-application interfaces previously noted are critical to ensuring equal customer service parity.

Also, to ensure operational parity between BellSouth and Sprint vis-à-vis the end user, BellSouth must commit to (and be monitored under) specific service level parameters. Particularly, BellSouth must demonstrate consistent adherence to customer provisioning intervals for CLEC customers the same as is provisioned internally. While electronic interfaces can actually facilitate operational parity experience is the only true test of whether operational parity exists.

Sprint has met with BellSouth to address electronic interfaces. From these meetings, BellSouth will be providing further specifications to Sprint for clarification. Sprint desires to continue these discussions with BellSouth and to continue working toward an agreement. However, until BellSouth can provide specifications and demonstrate that the interim solutions provide operational service parity, negotiations between BellSouth and Sprint cannot reach complete agreement.

MILNER/PECORARO

Q. With reference to the testimony of Keith Milner and Anthony V. Pecoraro, specifically concerning Selective Routing of 611, 411 and 0- traffic through digital switches to CLEC termination points, how do you respond?

A. Sprint shares BellSouth's concerns about lack of resources in present digital switch software to selectively route a large diversity of CLEC traffic to appropriate termination. Switch vendors are pursuing these limitations in future generic software updates. However, selective routing is only one of two alternatives offered by Sprint in our proposal, the other being the migration to seven digit dialing or 800 numbers. Quoting from our proposal, Term Sheet reference III.A.12: "*ILEC should either migrate from N11 dialing to its business office and repair centers to seven digit numbers or 800 numbers so that Sprint customers have dialing parity to similar centers* or ILEC should make N11 dialing available so that Sprint customers are directed to Sprint."(emphasis added). Indeed, Sprint feels this to be the most practical approach to avoid translations problems and to more accurately serve the customer if these calls are made from lines other than his own. With regard to 0- traffic Sprint feels that present resources are adequate to handle the few CLEC customers that will provide their own operator services.

SCHEYE

Q. Does Sprint expect BellSouth to jointly establish service objectives?

A. Yes, Sprint as a customer of BellSouth, expects a quality level of service that meets or exceeds our expectations. To measure that service BellSouth needs to work with Sprint to establish service objectives and performance levels. These performance levels need to be manage in a way to encourage BellSouth to strive for continued improvement.

Q. What type of incentive needs to be employed to encourage BellSouth meet these service levels?

A. Incentives such as waiver of service connection charges and monthly recurring rates should be used to encourage BellSouth to strive to achieve the agreed to service levels. Sprint expects to be treated in parity with the service guarantees provided by BellSouth to its customers.

Q. Sprint has requested BellSouth to provide all originating and terminating EMR records and send them on a daily basis whether or not the call is competed. Why is the vital to Sprint?

A. Resale - Daily usage is required to ensure multiple billing periods have the most current usage dates. No incumbent receives 100% of billing data once a month. It is unreasonable to believe that a CLEC could provide accurate, timely billing without daily EMR data. Daily records are also needed for fraud detection and analysis.

For Sprint to be able to bill IXC's originating and terminating access and their end user customers for toll charge they must receive EMR records. Both call attempts and compilations are required to properly bill originating and terminating access. These records should be exchanged at no cost to either Sprint or BellSouth.

Q. Why does Sprint need both usage and attempts for all access feature groups?

A. Sprint needs originating and terminating attempts and usage for all feature groups to ensure accurate and complete access billing to the IXCs in the same form and accuracy BellSouth provides to themselves.

Q. What is meant by Sprint's reference to mid-span and mid-air meet points in connection with meet point billing arrangements with BellSouth?

A. When calculating meet points percentage ownership for meet point billing it is necessary to determine the physical ownership of all parties. In this way the parties agree on a percentage ownership. This requires the parties to agree on the physical meet point of the actual route to calculate a percentage ownership. That percentage is then applied to the airline mile for access billing. In many cases this meet point is either a mid-air (radio) or a mid-span (cable) meet point.

Q. Why does Sprint find it important to process PIC changes directly with the IXC?

A. When an end user customer chooses Sprint as their local service provider Sprint undertakes the total responsibility of the local service provider either in resale or facility base environment. Total service includes management of the PIC change responsibilities with the IXC's. Sprint expects BellSouth to reject PIC changes received directly from the IXC for Sprint customers, returning them to the IXC with Sprint's OCN in the appropriate CARE record field.

Q. Why should BellSouth reject PIC changes received from IXC's for Sprint local customers?

A. BellSouth becomes a wholesale vendor when the end user selects Sprint as their local service provider in a resale relationship. At that point BellSouth is no longer a retail vendor to either the end user or the IXC. Therefor has no responsibility or authority to modify the customer account or bill for any changes to the end user or

IXC account. For the purposes of PIC change or any other carrier or end user account activities BellSouth's tariffs, processes and procedures no longer apply.

Q. Mr. Scheye at page 26, line 5 discusses mixing different traffic types over common trunks. Do you agree with his analysis?

A. No, I do not. It is Sprint's position that mixing traffic types over common trunk groups is technically feasible as defined in the FCC Order. We feel that correct billing can be accomplished with the use of CMC software and capturing the originating and terminating numbers. We would also cite to Section IV.E of the FCC Order which discusses the definition of technical feasibility when interpreted with its ordinary meaning as referring to engineering and operational concerns in context of Sections 251(c)(2) and 251(c)(3), included consideration of accounting or billing restrictions. (¶ 201).

Q. Does this conclude your testimony?

A. Yes, it does.