

**BEFORE THE**  
**FLORIDA PUBLIC SERVICE COMMISSION**

**REBUTTAL TESTIMONY OF**

**RICHARD GUEPE**

**ON BEHALF OF**

**AT&T COMMUNICATIONS OF THE SOUTHERN STATES, INC.**

**TCG SOUTH FLORIDA, INC. AND**

**MEDIAONE FLORIDA TELECOMMUNICATIONS, INC.**

**DOCKET NO. 000075-TP**

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FPSC-RECORDS/REPORTING

1 **Q. PLEASE STATE YOUR NAME, ADDRESS AND EMPLOYMENT.**

2 A. My name is Richard Guepe, and my business address is 1200 Peachtree Street,  
3 N.E., Atlanta, Georgia 30309. I am employed by AT&T as a District Manager in  
4 the Law & Government Affairs organization.

5

6 **Q. DID YOU PREFILE DIRECT TESTIMONY ON MARCH 12, 2001, IN**  
7 **THIS PROCEEDING?**

8 A. No. However, I am adopting the testimony of Mr. Follensbee.

9

10 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

11 A. I will be rebutting the testimony of Mr. Ruscilli addressing Issue 14.

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13 **ISSUE 14: (A) WHAT ARE THE RESPONSIBILITIES OF AN**  
14 **ORIGINATING LOCAL CARRIER TO TRANSPORT ITS**  
15 **TRAFFIC TO ANOTHER LOCAL CARRIER?**

16 **(B) FOR EACH RESPONSIBILITY IDENTIFIED IN PART (A),**  
17 **WHAT FORM OF COMPENSATION, IF ANY, SHOULD**  
18 **APPLY?**

19

20 **Q. WHAT DO YOU UNDERSTAND BELLSOUTH'S PROPOSAL TO BE?**

21 A. First, that AT&T and other ALECs should be financially responsible for all of the  
22 costs of transporting their originating traffic. Second, that ALECs also should be  
23 financially responsible for transporting some of BellSouth's originating traffic  
24 from some unspecified point in BellSouth's basic local calling areas to the  
25 ALEC's switch.

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**Q. HOW DOES AT&T'S PROPOSAL DIFFER FROM BELLSOUTH'S PROPOSAL?**

A. AT&T agrees that AT&T should be financially responsible for transporting its own originating traffic. This is consistent with applicable law and regulations. However, BellSouth should bear a reciprocal financial obligation for the transport of its originating traffic, and BellSouth should not be allowed to arbitrarily shift the cost of such transport to AT&T and other ALECs. Thus, under AT&T's proposal, for BellSouth's originating traffic, BellSouth would provide the transport facilities between its switches and an ALEC's interconnection point, and BellSouth would pay that ALEC a fixed, per-minute reciprocal compensation rate for the transport between the interconnection point and the ALEC's end office.

**Q. UNDER AT&T'S PROPOSAL WHAT WOULD BELLSOUTH HAVE TO DO?**

A. First, BellSouth would provide the transport facilities from the BellSouth switch from which the call originates to the same relative point on an ALEC's network to which the ALEC delivers its originating traffic on the BellSouth network. Second, BellSouth would pay the ALEC the identical fixed, per-minute reciprocal compensation rate for the transport that the ALEC provides for the termination of BellSouth traffic from the ALEC's interconnection point across the ALEC's network.

1 **Q. WHY DOES AT&T BELIEVE THIS IS FAIR?**

2 A. AT&T's network covers a geographic area comparable to that covered by  
3 BellSouth's network. Given this geographic comparability, it is only fair that  
4 each party have comparable and equivalent interconnection. The Commission  
5 should not give BellSouth's network preferential treatment simply because it pre-  
6 existed local telephone competition or is based on a traditional hierarchical  
7 network architecture. Conversely, the Commission should not punish AT&T  
8 because it has chosen a different network design than that used by BellSouth. The  
9 real test for equivalency should be geographic comparability that provides the two  
10 parties the means to effectively compete. AT&T's proposal meets this test.

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12 **Q. SHOULD THE BELLSOUTH BASIC LOCAL CALLING AREAS BE THE**  
13 **BASIS OF NETWORK INTERCONNECTION?**

14 A. No. BellSouth asserts that ALECs should be required to pay for transport of  
15 BellSouth's own local calls beyond the BellSouth basic local calling areas.  
16 Contrary to these assertions, basic local calling areas should not form the basis of  
17 network interconnection. First, basic local calling areas may be subject to  
18 substantial changes as BellSouth and ALECs seek competitive advantages to their  
19 respective local service offerings. A case in point is BellSouth's Area Plus calling  
20 plan, which allows its customers to make local calls throughout a LATA on a flat-  
21 rate basis. Second, to be fair, interconnection should not be done solely on the  
22 basis of BellSouth's existing basic local calling areas. Basic local calling areas  
23 bear no relationship to the geographic scope or capability of telecommunications

1 equipment, such as switches. To base interconnection on BellSouth's basic local  
2 calling areas would completely disregard the legitimacy of an ALEC's local  
3 calling area, would discourage ALECs from expanding local calling areas for the  
4 benefit of customers and competition, and certainly would not be reciprocal or  
5 fair. Third, using BellSouth's basic local calling areas as the basis of network  
6 interconnection substantially compromises the network efficiencies of the  
7 alternative network architectures deployed by AT&T and other ALECs in Florida,  
8 forcing each ALEC into a BellSouth-look-a-like interconnection arrangement.  
9 Lastly, AT&T and BellSouth have agreed that most of the traffic within each  
10 LATA will be classified as local for purposes of compensating each other for  
11 completing the other party's calls. Thus, the local calling area for purposes of  
12 reciprocal compensation is now LATA wide.

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14 **Q. HOW DO YOU RESPOND TO MR. RUSCILLI'S CLAIM THAT UNDER**  
15 **FCC RULES AT&T IS OBLIGATED TO PAY THE COSTS OF**  
16 **INTERCONNECTION?**

17 A. FCC rules make clear that "one LEC may not assess charges on any other  
18 telecommunications carrier for local telecommunications traffic that originates on  
19 that LEC's network."<sup>1</sup> This is exactly what BellSouth is proposing. In its role as  
20 originating carrier, AT&T agrees to fully compensate BellSouth for transport that  
21 it provides to AT&T to complete AT&T's traffic, but does not propose to have  
22 BellSouth bear financial responsibility for any of the cost that AT&T incurs to

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<sup>1</sup> 47 CFR §51.703(b).

1 bring AT&T originated traffic to BellSouth's network for completion by  
2 BellSouth. BellSouth should be required to do the same.

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4 **Q. HAS THE FCC DISCUSSED THE CONCEPT OF EQUIVALENT POINTS**  
5 **OF INTERCONNECTION?**

6 A. Yes, in its order on SBC's 271 application for Texas, the FCC made clear its view  
7 that under the Telecommunication Act, ALECs have the legal right to designate  
8 the most efficient point at which to exchange traffic. As the FCC explained,  
9 "New entrants may select the most efficient points at which to exchange traffic  
10 with incumbent LECs, thereby lowering the competing carriers' cost of, among  
11 other things, transport and termination."<sup>2</sup>

12 Most recently, the FCC addressed this very issue in its order in *Memorandum and*  
13 *Order*, FCC 01-29, Joint Application by SBC Communications Inc.,  
14 Southwestern Bell Telephone Company, and Southwestern Bell Communications  
15 Services, Inc. d/b/a Southwestern Bell Long Distance for Provision of In-region,  
16 interLATA Services in Kansas and Oklahoma, CC Docket No. 00-217 (January  
17 22, 2001)("SBC Kansas & Oklahoma Order"). The *SBC Kansas and Oklahoma*  
18 *Order* relies upon and discusses the very same legal authority I address in my  
19 testimony, and reaches the same conclusions. In short, the *SBC Kansas and*  
20 *Oklahoma Order* provides specific direction to the Commission that the BellSouth  
21 proposal is illegal under FCC rules and regulations.

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<sup>2</sup> Memorandum Report and Order, Application of SBC Communications Inc., Southwestern Bell Telephone Company and Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long

1 In its *Kansas and Oklahoma Order*, the FCC addressed the issue of the incumbent  
2 effectively denying “a competing carrier the right to select a single point of  
3 interconnection by *improperly* shifting to competing carriers inflated transport  
4 and switching costs associated with such a [single point of interconnection]  
5 arrangement.” *Id.* at ¶ 233. The FCC was addressing the very same issue raised  
6 by BellSouth in this proceeding.<sup>3</sup> Although the issue was one of future  
7 compliance, the FCC nonetheless cautioned SWBT “from taking what appears to  
8 be an expansive and out of context interpretation of findings we made in our  
9 *SWBT Texas Order* concerning its obligation to deliver traffic to a competitive  
10 LEC’s point of interconnection.” *Id.* ¶ 235. In particular, the FCC confirmed that  
11 its decision allowing an ALEC to designate a single point of interconnection did  
12 not in any way “change an incumbent LEC’s reciprocal compensation obligations  
13 under our current rules.” *Id.* The FCC specifically referenced the very same rules  
14 I address in my testimony (47 C.F.R. §§ 51.703(b)), which “preclude an  
15 incumbent LEC from charging carriers for local traffic that originates on the  
16 incumbent LEC’s network.” *Id.*

17 The *SBC Kansas & Oklahoma Order* also demonstrates the fundamental fallacy  
18 of the BellSouth position. By requiring AT&T to pay the cost of transporting  
19 BellSouth’s own traffic from the boundaries of its basic local calling areas to the  
20 point of interconnection designated by AT&T, BellSouth would, *in effect*, require

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Distance, Pursuant to Section 271 of the Telecommunications Act of 1996 To Provide In-Region InterLATA Services in Texas, CC Docket No. 00-65, ¶ 78 (June 30, 2000).

<sup>3</sup> “For example, AT&T avers that, in a technical conference in Oklahoma after the adoption of the 02A, SWBT advanced several compensation arrangements relating to a competing carrier’s choice of

1 AT&T to construct a point of interconnection in each BellSouth basic local  
2 calling area.

3 It is a hollow gesture to allow ALECs to designate a single point of  
4 interconnection and then require them to pay the difference of the cost of that  
5 single point of interconnection and the cost of multiple points of interconnection  
6 in every BellSouth basic local calling area. Thus, aside from being illegal under  
7 47 C.F.R. §§ 51.703(b), the BellSouth proposal would effectively eliminate an  
8 ALEC's right to designate a single point of interconnection, because it would  
9 force ALECs to pay BellSouth *as if* ALECs were required to establish multiple  
10 points of interconnection in all of BellSouth's basic local calling areas.

11  
12 **Q. WHAT HAVE OTHER STATE COMMISSIONS HELD REGARDING**  
13 **AT&T'S PROPOSAL?**

14 A. Other state Commissions specifically have rejected the argument BellSouth  
15 proffers here that ALECs should be required to pay the costs to receive traffic  
16 within each local calling area established by the ILEC. For example, the Kansas  
17 Commission found that TCG should be permitted to establish an interconnection  
18 point at SWBT's local and access tandems while SWBT should establish its  
19 interconnection point at TCG's switch.<sup>4</sup> Similarly, The California Commission

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interconnection and collocation which require AT&T to pay inflated transport costs upon exercising its right to a single point of interconnection." *Id.* ¶ 233.

<sup>4</sup> Arbitrator's Order No. 5: Decision, *In the Matter of the Petition of TCG Kansas City, Inc. for Compulsory Arbitration of Unresolved Issues with Southwestern Bell Telephone Company Pursuant to Section 252 of the Telecommunications Act of 1996*, pp. 4, 10 (Aug. 7, 2000). The Kansas Corporation Commission affirmed the arbitrator's decision on this issue on September 8, 2000, making a clarification as to the cost to be imposed to convert trunks. *See Order Addressing and Affirming Arbitrator's Decision at 9.*



1 found that AT&T was not required to interconnect at each Pacific Bell end office  
2 and set default points of interconnection at AT&T's switch and Pacific Bell's  
3 tandem switch.<sup>5</sup> Arbitrators in Michigan, Indiana, and Wisconsin also have held  
4 that each party is financially responsible for delivering its originating  
5 interconnection traffic to the terminating party's interconnection point.<sup>6</sup>

6  
7 **Q. DOES BELLSOUTH'S PROPOSAL TO AGGREGATE ITS**  
8 **ORIGINATING TRAFFIC TO A SINGLE POINT OF ITS CHOOSING**  
9 **WITHIN THE BELLSOUTH LOCAL CALLING AREA NULLIFY**  
10 **AT&T'S CONCERNS ABOUT COLLOCATION SPACE EXHAUSTION**  
11 **AND HAVING TO GO TO EACH END OFFICE?**

12 A. No. Under BellSouth's proposal, BellSouth may unilaterally select an end office  
13 where collocation space is limited or exhausted. In such instances, AT&T would  
14 be required to interconnect at many end offices in a LATA.

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<sup>5</sup> Opinion, *Application of AT&T Communications of California, Inc. (U 5002 C), et al., for Arbitration of an Interconnection Agreement with Pacific Bell Telephone Company Pursuant to Section 252(b) of the Telecommunications Act of 1996*, Dkt. No. 00-01-022, p. 13 (CA PUC Aug. 3, 2000).

<sup>6</sup> See Arbitration Award, *Petition for Arbitration to Establish an Interconnection Agreement Between two AT&T subsidiaries, AT&T Communications of Wisconsin, Inc. and TCG Milwaukee and Wisconsin Bell, Inc. (d/b/a Ameritech Wisconsin)*, O5-MA-120 (Oct. 12, 2000); Decision of Arbitration Panel, *AT&T Communication's of Michigan Inc., and TCG Detroit's Petition for Arbitration*, Case No. U-12465 (Oct. 18, 2000) (The Michigan Public Service Commission affirmed this portion of the Arbitration Panel's Decision by Order dated November 20, 2000); Order, *AT&T Communications of Indiana TCG Indianapolis, Petition for Arbitration of Interconnection Rates, Terms, and Conditions and Related Arrangements with Indiana Bell Telephone Company, Incorporated d/b/a Ameritech Indiana Pursuant to Section 252(b) of the Telecommunications Act of 1996*, Cause No. 40571-INT-03 (Nov. 20, 2000). The Oklahoma Corporation Commission, as part of its 271 deliberations, originally held that SWBT should allow CLECs to interconnect at a single technically feasible point to meet CLEC needs. However, the Commission modified its decision on this issue. See Order No. 445340, Order Nunc Pro Tunc Regarding Order No. 445180, Corporation Commission of Oklahoma, Cause No. PUD 970000560 (Oct. 4, 2000).

1 **Q. IN HIS DIRECT TESTIMONY MR. RUSCILLI SUGGESTS THAT THE**  
2 **ISSUE IS ONE OF COST ALLOCATION BASED ON ALEC NETWORK**  
3 **DESIGN. IS HE CORRECT?**

4 A. No. The question is not whether the parties' networks will be interconnected  
5 based on the network design of one party, but rather will the parties' networks be  
6 interconnected in a manner that is *neutral to* network design. It is only fair and  
7 equitable that an interconnection arrangement does not favor any particular  
8 design.

9 ALECs should not suffer a burdensome and discriminatory network  
10 interconnection arrangement because it chooses to deploy a more efficient  
11 network design than the classic hub-and-spoke telephony architecture. The  
12 Commission should be sensitive to issues which give the incumbent carrier  
13 substantial competitive advantages over competing carriers. Accordingly, the fair  
14 outcome is for both ALECs and BellSouth to be interconnected on an equitable  
15 basis.

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17 **Q. IS AT&T'S PROPOSAL AN EFFORT TO IMPOSE THE ADDITIONAL**  
18 **COSTS OF ITS NETWORK DESIGN ONTO BELLSOUTH AS MR.**  
19 **RUSCILLI SUGGESTS?**

20 A. Absolutely not. First, AT&T's solution maintains the status quo of how the  
21 financial responsibility is assigned today. AT&T's network design has been in  
22 place for several years, and AT&T's proposed solution is what is occurring today.  
23 BellSouth is currently financially responsible for bringing its originated traffic to

1 AT&T's switch, and has not disputed any billing by AT&T that reflects this. By  
2 the same token, AT&T is financially responsible for all of the costs of  
3 transporting its originated traffic and has not objected to this responsibility.  
4 BellSouth's proposal is the one that will change the imposition of costs on the  
5 other party, not AT&T's. BellSouth's proposal will result in AT&T and other  
6 ALECs having to incur new additional costs that they do not incur today.  
7 Second, when BellSouth states that AT&T's proposal will raise its costs that are  
8 not currently being recovered by its current basic local rates, this is simply not  
9 true. AT&T's proposed solution – the status quo of today - has been in effect for  
10 several years, and this Commission has yet to see a filing by BellSouth asking to  
11 raise any of its rates to cover this "additional cost."

12

13 **Q. WHAT IS AT&T ASKING THIS COMMISSION DO?**

14 A. AT&T is asking that the Commission retain the status quo and find that BellSouth  
15 shall continue to be financially responsible for all of the costs of originating any  
16 of its traffic within a LATA and delivering such traffic to an ALEC switch or  
17 designated interconnection point.

18

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by U. S. Mail, to the following this 19<sup>th</sup> day of April, 2001:

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