

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Consideration of]
BellSouth Telecommunications,]
Inc.'s entry into InterLATA Services]
Pursuant to Section 271 of the]
Telecommunications Act of 1996]

Docket No. 960786-TL

Filed: July 20, 2001

REBUTTAL TESTIMONY OF MARIO ESPIN

ON BEHALF OF

KMC TELECOM III, INC.

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1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Mario Espin, and my business address is 125 Basin Street, Daytona
3 Beach, Florida.

4 **Q. WHAT IS YOUR POSITION AND RESPONSIBILITIES WITH KMC**
5 **TELECOM?**

6 A. I am the City Director of KMC Telecom for the City of Daytona Beach, Florida,
7 and as such am responsible for all daily business functions in Daytona Beach, including
8 sales, operations, construction, customer care and business development projects.

9 **Q. PLEASE DESCRIBE YOUR BACKGROUND AND PROFESSIONAL**
10 **EXPERIENCE.**

11 A. I joined KMC Telecom in 1998, following 30 years of prior experience in the
12 telecom industry. Beginning with Southern Bell in Miami in 1968, I have held numerous
13 senior management positions with several telecom firms, including AT&T, Sprint and
14 Bell Atlantic. My formal education includes an Engineering Degree and a Masters of
15 Business Administration Degree in Marketing and Finance.

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**
17 **PROCEEDING?**

18 A. I am testifying in opposition to BellSouth's draft application for authority to
19 provide in-region InterLATA services, in response to the Direct Testimony filed by
20 BellSouth on May 31, 2001.

21 **Q. PLEASE DESCRIBE THE NATURE OF YOUR TESTIMONY.**

22 A. My testimony will address the nature of KMC's relationship with BellSouth in the
23 State of Florida, from the perspective of my job as City Director for one of KMC's cities
24 within the state. From that perspective, I will address BellSouth's performance in

1 provisioning facilities and services to KMC.

2 **Q. CAN YOU SUMMARIZE THE NATURE OF KMC'S ACTIVITIES IN**
3 **DAYTONA BEACH?**

4 **A.** KMC provides local, long distance and data services to customers in the
5 Daytona Beach area, utilizing a fiber network with SONET technology and a Lucent
6 5ESS switch.

7 **Q. PLEASE DESCRIBE BELLSOUTH'S PERFORMANCE, GENERALLY.**

8 **A.** The facilities and service that BellSouth provides to KMC are poor and
9 inadequate to support competitive entry. The problems that KMC experiences relate
10 primarily to T-1 (DS-1) loops and to BellSouth's winback program. On several
11 occasions, we have complained to BellSouth's local General Manager, Cindy White, that
12 our customers have informed us that the BellSouth technicians tell our customers at the
13 time the loops are being installed that KMC is not a good choice and that they should be
14 concerned about doing business with us.

15 **Q. HAS KMC FILED ANY COMPLAINTS RELATED TO BELLSOUTH'S**
16 **PERFORMANCE?**

17 **A.** Yes, KMC filed a complaint against BellSouth with this Commission on October
18 18, 1999. This complaint grew out of poor performance similar to that referenced below.
19 Suffice it to say that there were a number of instances where KMC customers
20 mysteriously went out of service during their busiest business hours. The subject of the
21 complaint was finally resolved following meetings with several BellSouth senior
22 managers and attorneys, including Vice Presidents Marcus Cathey and Mark Butterworth,
23 that resulted in an agreement regarding future coordination in my city. BellSouth also
24 issued a formal statement to the media, in which it admitted that there had been some

1 KMC service issues originated by BellSouth, that had not resulted from KMC's own
2 service provisioning performance.

3 **Q. PLEASE DISCUSS THE CURRENT PROBLEMS WITH BELLSOUTH**
4 **T-1 LINES.**

5 **A.** The major problem with the T-1 lines relates to a claimed lack of facilities by
6 BellSouth. Not only does BellSouth fail to provision the circuits following the prior
7 issuance of a firm order confirmation, but it also fails to send timely Pending Facility
8 notices. KMC also experiences problems with BellSouth's installation quality and
9 chronic outages.

10 **Q. WITH WHAT FREQUENCY DOES BELLSOUTH MISS INSTALLATION**
11 **APPOINTMENTS?**

12 **A.** For the seven month period ending July, 2001, BellSouth missed 32% of the
13 installation appointments for KMC in Daytona Beach.

14 **Q. WHEN DO YOU RECEIVE NOTICE FROM BELLSOUTH THAT AN**
15 **ORDER WILL BE DELAYED DUE TO A LACK OF FACILITIES?**

16 **A.** We usually do not receive notice until the day before or the same day as the
17 scheduled install. In other instances, when facilities are apparently available, the install
18 will still be delayed due to the poor quality of the circuits.

19 **Q. DESCRIBE THE EFFECT OF BELLSOUTH'S UNRELIABLE T-1 FIRM**
20 **ORDER CONFIRMATIONS.**

21 **A.** Once KMC receives a confirmation from BellSouth that it will provision the
22 circuits requested on a date certain, KMC proceeds to notify its customer and schedule its
23 workforce accordingly. When BellSouth gives last-minute notice that the install will not
24 take place as confirmed, the customer is inconvenienced and KMC resources are wasted.

1 Most importantly from a business perspective, the customer is left believing that KMC is
2 not a reliable provider of telecommunications services. The bottom line is the end user
3 customer blames KMC for the BellSouth delay, causing irreparable harm to KMC's
4 reputation. In some cases, KMC must also reimburse the customer for costs it incurred in
5 preparation for the confirmed cut-over.

6 **Q. PLEASE ELABORATE ON THE EFFECT THE BELLSOUTH**
7 **UNRELIABLE COMMITMENTS HAVE ON YOUR CUSTOMERS**

8 **A.** When the installation is delayed at the last minute, we appear in the eyes of our
9 customers to have mislead them with regard to the actual install date to which we had
10 committed. In other words, we rely on BellSouth for a firm commitment, and the
11 customer, in turn, relies on us for the same. Since many of our customers are hotels, the
12 property owner must have its equipment vendor on-site to assist with the transfer. As a
13 result, when the cut is cancelled at the last minute, KMC is in most cases stuck with the
14 costs incurred by the hotel in bringing the equipment service technician to the scheduled
15 cut-over. We are truly perplexed as to why BellSouth gives us a Firm Order
16 Commitment (FOC), in writing, when in reality BellSouth is committing to nothing. The
17 testimony of Mr. Milner, with its references to "unforeseen circumstances" at page 63 of
18 his Direct Testimony for example, does nothing to clarify what BellSouth perceives as its
19 obligations and how the company intends to comply with these requirements. Based on
20 its performance, however, it is clear that BellSouth has no intention to honor its service
21 commitment dates to KMC on a regular basis.

22 **Q. TO WHAT DO YOU ATTRIBUTE BELLSOUTH'S PENDING FACILITY**
23 **PROBLEMS?**

24 **A.** I believe that BellSouth's records are inadequate to enable a timely determination

1 as to whether there is in fact a facility available for KMC, consistent with the service
2 request. In some instances, it appears that the BellSouth records indicate that a
3 satisfactory circuit exists only to be proven incorrect when the time comes to turn up that
4 circuit. Accordingly, I believe that the procedures that BellSouth has in place are
5 insufficient to provide an accurate and reliable firm order confirmation since these
6 procedures fail to verify the existence of adequate facilities at the appropriate time.
7 Furthermore, BellSouth acts with careless disregard when asked why it continues to
8 schedule installations knowing that it either has no facilities ready or that it has no idea
9 whether facilities are available. Such reckless and irresponsible business practice must
10 be stopped if KMC and BellSouth are to work cooperatively as envisioned in the service
11 agreements between the two companies, and certainly before the incentive that
12 interLATA entry represents is removed.

13 **Q. WHAT TYPE OF INSTALLATION QUALITY PROBLEMS IS KMC**
14 **EXPERIENCING?**

15 **A.** In many cases, some as recent as this month, the BellSouth technicians claim that
16 the T-1 circuits are installed, tested and ready for service. Once the install is complete,
17 however, we find that the loop does not in fact work or test properly and we must then
18 open a trouble ticket with BellSouth. We then begin the tedious process of fixing a
19 newly installed T-1, when just hours earlier we were notified that the cable pairs were
20 tested and ready to go. This situation appears as a KMC service issue in the eyes of our
21 customers, when in reality BellSouth never provided a clean pair to start with. This
22 situation is so typical that it is difficult to point out which orders did or did not have
23 trouble on the cable pair from Day One.

24

1 **Q. WHAT TYPE OF INSTALLATION PROBLEMS OCCUR WHEN**
2 **ORDERS ARE POSTPONED?**

3 **A.** When an order must be postponed, or “supp’d,” BellSouth fails to postpone the
4 physical disconnect portion of the order. The BellSouth technicians will therefore go
5 ahead and disconnect the customer’s line and put the customer out of service since the
6 reconnect portion of the order has been postponed. We have repeatedly asked BellSouth
7 technicians to stop our order from hitting their disconnect system, to no avail. Since
8 BellSouth processes disconnect orders at night, our customers frequently come to work
9 the following morning angry at KMC for something we had no control over. In many
10 cases it certainly appears that BellSouth botched the cut maliciously to ensure that the
11 new KMC customer is totally dissatisfied and primed for BellSouth winback call that the
12 customer receives shortly after the cut-over. Since the customer is still fuming from the
13 service outage, they are certainly open to a sales pitch. The sequence of events seems
14 just too planned to be coincidental.

15 **Q. DOES BELLSOUTH EVER CAUSE THE POSTPONEMENT OF**
16 **INSTALLATION APPOINTMENTS?**

17 **A.** Yes, and often for senseless reasons. BellSouth has, for example, requested that
18 orders be postponed, or supp’d, because the street address was abbreviated as “Av.”
19 versus an “Ave.” In other cases, BellSouth technicians have postponed cut-overs
20 scheduled for late in the day, as they often are, because they decide not to work overtime.
21 Instances such as these waste valuable resources, since the work must be rescheduled and
22 re-worked each time the cut-over is missed. In sum, BellSouth forces unnecessary
23 postponements and then fails to address the customer outages it causes when orders are
24 supp’d, actions and omissions that are clearly inconsistent with BellSouth’s obligations.

1 **Q. CAN YOU PLEASE PROVIDE AN EXAMPLE TO ILLUSTRATE THE**
2 **GRAVITY OF THESE INSTALLATION PROBLEMS?**

3 **A.** Yes. KMC signed up a large hotel in Daytona Beach, as a customer. The cut-
4 over took place on a Friday afternoon, and by Saturday morning the newly installed T-1
5 was out of service. BellSouth refused to fix the circuit until Monday, leaving the hotel
6 completely without service for the entire weekend. The hotel owner was,
7 understandably, quite angry at the party he perceived as responsible: KMC. Since the
8 owner of the hotel was the President of the Hotel-Motel Association in the County, this
9 outage made look terrible in the eyes of the very important hotel business community.
10 To try and regain some goodwill, KMC offered a very generous service credit to the
11 hotel, even though it was the BellSouth circuit failure, and not KMC, that had put the
12 hotel out of service for the entire weekend.

13 **Q. WHAT IS THE EFFECT OF THESE INSTALLATION PROBLEMS ON**
14 **KMC'S ABILITY TO COMPETE?**

15 **A.** When customers make the decision to switch to an alternative provider and are
16 put out of service on the installation date, they are obviously left with the impression that
17 competitors cannot provide adequate service and that telecom competition is not feasible.
18 In short, the customer often believes that it made a mistake switching from BellSouth,
19 and must be convinced to give KMC another chance – even though it was BellSouth that
20 caused the customer to lose service.

21 **Q. DOES KMC EXPERIENCE ANY OUTAGES ON THE T-1 LINES THAT**
22 **IT PURCHASES FROM BELL SOUTH?**

23 **A.** Yes. BellSouth's own data confirms that it has serious outage problems.
24 BellSouth data for KMC in Florida for the month of April, 2001, indicates, for example,

1 that 8% of the circuits it installed for KMC had troubles within 30 days of the
2 installation. Once the outage occurs, BellSouth fails to complete repairs in a satisfactory
3 manner.

4 **Q. DO THE OUTAGES EVER REOCCUR?**

5 **A.** All the time. Chronic repair troubles are all too frequent, a fact that is also
6 confirmed by BellSouth's own data. BellSouth's data for KMC in Florida indicates that
7 17% of the troubles in April, 2001, were on circuits with a prior trouble. In the seven
8 months ending in June, 2001, 15% of the troubles were on circuits that BellSouth had
9 supposedly repaired.

10 **Q. CAN YOU PLEASE PROVIDE AN EXAMPLE OF BELLSOUTH'S**
11 **UNSATISFACTORY PERFORMANCE?**

12 **A.** Yes. Several of KMC's customers in Daytona Beach are hotels, which
13 obviously host many tourists and conventions. Quite suspiciously, it appears that the
14 KMC subscribed hotels suffer outages due to circuit failures more often than BellSouth
15 served hotels. Making matters worse, BellSouth does very little to correct these outages
16 with any sense of urgency.

17 **Q. HAVE THESE ISSUES BEEN RAISED WITH BELLSOUTH CARRIER**
18 **MANAGEMENT?**

19 **A.** Yes, but BellSouth's performance has remained consistently poor.

20 **Q. WHAT TYPE OF WINBACK ISSUES HAS KMC BECOME AWARE OF?**

21 **A.** I am informed that BellSouth has brought in teams of marketers whose purpose is
22 to attract former BellSouth customers that have switched to competitive providers, and
23 that these marketers are utilizing questionable tactics. I believe, for example, that these
24 marketers are questioning KMC's viability by asserting that KMC is not financially

1 sound and may soon declare bankruptcy as some other CLECs have. Finally, I am told
2 that BellSouth has been informing customers that they must switch back to BellSouth in
3 order to obtain DSL service.

4 **Q. DOES KMC PROVIDE SERVICE IN ANY OTHER AREAS AND**
5 **JURISDICTIONS?**

6 **A.** Yes. KMC also competes against Verizon and Sprint in Florida, with facilities in
7 Tallahassee, Greater Pinellas, Sarasota and Fort Myers. KMC and its affiliates are also
8 authorized to provide facilities-based and/or resold local exchange, switched and special
9 access, and resold interexchange services throughout the United States. KMC has a
10 region-wide interconnection agreement with BellSouth, and has operations in eight of the
11 nine BellSouth monopoly states.

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

13 **A.** Yes, it does.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Rebuttal Testimony of Mario Espin on Behalf of KMC Telecom III, Inc. has been furnished by (*) hand delivery or by U. S. Mail on this 20th day of July, 2001, to the following:

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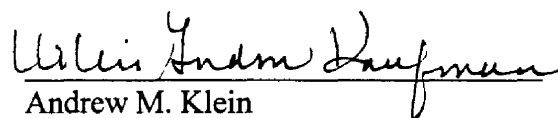
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